2022 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 10, 2022

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 2022 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 10, 2022. 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
Stephanie Flanders	stephanie.flanders@virginiahousing.com	(804) 343-5939
Phil Cunningham	phillip.cunningham@virginiahousing.com	(804) 343-5514
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Click on any tab label to be directed to location within the application.

2022 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.

x		$1,000 Application Fee **(MANDATORY)**
X		Electronic Copy of the Microsoft Excel Based Application **(MANDATORY)**
x		Scanned Copy of the **Signed** Tax Credit Application with Attachments (excluding market study and plans & specifications) **(MANDATORY)**
x		Electronic Copy of the Market Study **(MANDATORY - Application will be disqualified if study is not submitted with application)**
x		Electronic Copy of the Plans and Unit by Unit writeup **(MANDATORY)**
x		Electronic Copy of the Specifications **(MANDATORY)**
		Electronic Copy of the Existing Condition questionnaire **(MANDATORY if Rehab)**
		Electronic Copy of the Physical Needs Assessment (**MANDATORY at reservation for a 4% rehab request**)
x		Electronic Copy of Appraisal (**MANDATORY** if acquisition credits requested)
x		Electronic Copy of Environmental Site Assessment (Phase I) (**MANDATORY if 4% credits requested**)
x	Tab A:	Partnership or Operating Agreement, including chart of ownership structure with percentage of interests and Developer Fee Agreement **(MANDATORY)**
x	Tab B:	Virginia State Corporation Commission Certification **(MANDATORY)**
x	Tab C:	Principal's Previous Participation Certification **(MANDATORY)**
x	Tab D:	List of LIHTC Developments (Schedule A) **(MANDATORY)**
x	Tab E:	Site Control Documentation & Most Recent Real Estate Tax Assessment **(MANDATORY)**
x	Tab F:	RESNET Rater Certification **(MANDATORY)**
x	Tab G:	Zoning Certification Letter **(MANDATORY)**
x	Tab H:	Attorney's Opinion **(MANDATORY)**
	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)
	Tab J:	Relocation Plan and Unit Delivery Schedule **(MANDATORY)**
	Tab K:	Documentation of Development Location:
x	K.1	Revitalization Area Certification
x	K.2	Location Map
x	K.3	Surveyor's Certification of Proximity To Public Transportation
x	Tab L:	PHA / Section 8 Notification Letter
x	Tab M:	Locality CEO Response Letter
	Tab N:	Homeownership Plan
x	Tab O:	Plan of Development Certification Letter
x	Tab P:	Developer Experience documentation and Partnership agreements
	Tab Q:	Documentation of Rental Assistance, Tax Abatement and/or existing RD or HUD Property
x	Tab R:	Documentation of Operating Budget and Utility Allowances
	Tab S:	Supportive Housing Certification
x	Tab T:	Funding Documentation
	Tab U:	Acknowledgement by Tenant of the availability of Renter Education provided by Virginia Housing
	Tab V:	Nonprofit or LHA Purchase Option or Right of First Refusal
	Tab W:	Internet Safety Plan and Resident Information Form (if internet amenities selected)
x	Tab X:	Marketing Plan for units meeting accessibility requirements of HUD section 504
x	Tab Y:	Inducement Resolution for Tax Exempt Bonds
	Tab Z:	Documentation of team member's Diversity, Equity and Inclusion Designation
	Tab AA:	Priority Letter from Rural Development
	Tab AB:	Social Disadvantage Certification

VHDA TRACKING NUMBER **2022-TEB-128**

A. GENERAL INFORMATION ABOUT PROPOSED DEVELOPMENT

Application Date: 12/12/2022

1. Development Name: 7000 Carnation

2. Address (line 1): 7000 W Carnation St
   Address (line 2):
   City: Richmond State: VA Zip: 23225

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: 51760071001.00

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** ..... TRUE

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

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

12. Development is located in a census tract with a poverty rate of.....

3%	10%	12%
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

Two new-construction buildings, each 4 stories with elevator. Pool, fitness center, and other amenities.

VHDA TRACKING NUMBER **2022-TEB-128**

A. GENERAL INFORMATION ABOUT PROPOSED DEVELOPMENT Application Date: 12/12/2022

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:	Chief Administrative Officer	Phone:	(804) 646-7978		
Street Address:	900 East Broad St				
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: Sherrill Hampton

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:

   or

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

   For Tax Exempt Bonds, where are bonds being issued? Virginia Housing

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

   Skip to Number 4 below.

2. **Type(s) of Allocation/Allocation Year**

   Definitions of types:

   a. **Regular Allocation** means all of the buildings in the development are expected to be placed in service this calendar year, 2022.

   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, 2022, 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 2023 credits pursuant to Section 42(h)(1)(E).

3. **Select Building Allocation type:**

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

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

5. **Planned Combined 9% and 4% Developments** FALSE

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

   Name of companion development:

   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: 40

   Definition of selection:

   Development will be subject to an extended use agreement of 25 additional years after the 15-year compliance period for a total of 40 years.

7. Virginia Housing would like to encourage the efficiency of electronic payments. Indicate if developer commits to submitting any payments due the Authority, including reservation fees and monitoring fees, by electronic payment (ACH or Wire). TRUE

In 2022, Virginia Housing will debut a new Rental Housing Invoicing Portal to allow easy payments via secure ACH transactions. More details will be provided.

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: 7000 Carnation, LLC

Developer Name: Lynx Ventures, Inc.

Contact: M/M ▶ Mr. First: John MI: R Last: Gregory

Address: 7 East 2nd St

City: Richmond St. ▶ VA Zip: 23224

Phone: (804) 920-5435 Ext. Fax:

Email address: jgregory@lynxventures.com

Federal I.D. No. (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.

Bernard Harkless, bharkless@lynxventures.com, 804-920-5435

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

Names **	Phone	Type Ownership	% Ownership
2016 Trillity Fam Trust (John, Erin, & Colleen Gregory	(804) 920-5435	Member	60.020%
John R Gregory	(804) 920-5435	Member	19.990%
L Bernard Harkless	(804) 920-5435	Member	19.990%
Richard W Gregory	(804) 920-5435	Grantor	0.000%
			0.000%
			0.000%
			0.000%
			0.000%
			0.000%
			0.000%
			0.000%
			0.000%
			0.000%
			0.000%

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

C. OWNERSHIP INFORMATION

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

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)**

b. Indicate if at least one principal listed above with an ownership interest of at least 25% in the controlling general partner or managing member is a socially disavantaged individual as defined in the manual.

FALSE

ACTION: If true, provide Socially Disadvantaged Certification **(TAB AB)**

3. Developer Experience:

May only choose one of A, B or C ***OR*** *select one or more of D, E and F.*

FALSE a. A principal of the controlling general partner or managing member for the proposed development has developed as a controlling general partner or managing member for (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.
Action: Must be included on Virginia Housing Experienced LIHTC Developer List or provide copies of 8609s, partnership agreements and organizational charts **(Tab P)**

TRUE b. A principal of the controlling general partner or managing member for the proposed development has developed at least three deals as principal and have at $500,000 in liquid assets.
Action: Must be included on the Virginia Housing Experienced LIHTC Developer List or provide Audited Financial Statements and copies of 8609s **(Tab P)**

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

FALSE d. The development has an experienced sponsor (as defined in the manual) that has placed at least one LIHTC development in service in Virginia within the past 5 years.
Action: Provide one 8609 from qualifying development. **(Tab P)**

FALSE e. The development has an experienced sponsor (as defined in the manual) that has placed at least three (3) LIHTC developments in service in any state within the past 6 years (in addition to any development provided to qualify for option d. above)
Action: Provide one 8609 from each qualifying development. **(Tab P)**

FALSE f. Applicant is competing in the Local Housing Authority pool and partnering with an experienced sponsor (as defined in the manual), other than a local housing auth
Action: Provide documentation as stated in the manual. **(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: ▶ Option

Expiration Date: 6/30/2023

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

b. TRUE ..... Owner is to acquire property by deed (or lease for period no shorter than period property will be subject to occupancy restrictions) no later than..... 6/30/2023 .

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: 7000 Carnation Acquisition, LLC

Address: 7000 W Carnation St

City: Richmond St.: VA Zip: 23224

Contact Person: John Gregory Phone: (804) 920-5435

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

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

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

Names	Phone	Type Ownership	% Ownership	
2016 Trillity Fam Trust (John, Erin, & C	(804) 920-5435	Member	60.02%	
John R Gregory	(804) 920-5435	Member	19.99%	
L Bernard Harkless	(804) 920-5435	Member	19.99%	
Richard W Gregory	###	Grantor	0.00%	*needs ownership %*
			0.00%	
			0.00%	
			0.00%	

E. DEVELOPMENT TEAM INFORMATION

Complete the following as applicable to your development team.

Indicate Diversity, Equity and Inclusion (DEI) Designation if this team member is SWAM or Service Disabled Veteran as defined in manual.

ACTION: Provide copy of certification from Commonwealth of Virginia, if applicable - **TAB Z**

1. Tax Attorney:	Erik Hoffman	This is a Related Entity.	FALSE
Firm Name:	Klein Hornig	DEI Designation?	FALSE
Address:			
Email:	EHoffman@kleinhornig.com	Phone:	202.926.3404
2. Tax Accountant:	Stephanie Caragher	This is a Related Entity.	FALSE
Firm Name:	Cohn Reznick	DEI Designation?	FALSE
Address:			
Email:	Stephanie.Caragher@cohnreznick.com	Phone:	704.837.7252
3. Consultant:		This is a Related Entity.	FALSE
Firm Name:		DEI Designation?	FALSE
Address:		Role:	
Email:		Phone:	
4. Management Entity:	Wendy Drucker	This is a Related Entity.	FALSE
Firm Name:	Drucker & Falk	DEI Designation?	FALSE
Address:			
Email:	wdrucker@druckerandfalk.com	Phone:	757.928.6202
5. Contractor:	Frank Martino	This is a Related Entity.	FALSE
Firm Name:	LF Jennings	DEI Designation?	FALSE
Address:			
Email:	fmartino@lfjennings.com	Phone:	804.612.1999
6. Architect:	Sean Wheeler	This is a Related Entity.	FALSE
Firm Name:	Walter Parks Architect	DEI Designation?	FALSE
Address:			
Email:	sean@wparks.com	Phone:	804.552.1612
7. Real Estate Attorney:		This is a Related Entity.	FALSE
Firm Name:		DEI Designation?	FALSE
Address:			
Email:		Phone:	
8. Mortgage Banker:	Charles Wilson	This is a Related Entity.	FALSE
Firm Name:	Virginia Capital Advisors	DEI Designation?	FALSE
Address:			
Email:	cwilson@virginiacapitaladvisors.com	Phone:	757.434.9002
9. Other:		This is a Related Entity.	FALSE
Firm Name:		DEI Designation?	FALSE
Address:		Role:	
Email:		Phone:	

F. REHAB INFORMATION

1. **Acquisition Credit Information**

a. Credits are being requested for existing buildings being acquired for development…… FALSE

Action: If true, provide an electronic copy of the Existing Condition Questionnaire and Appraisal

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

c. The development has been provided an acknowledgement letter from Rural Development regarding its preservation priority?..... 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…… TRUE

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

   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)

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..... FALSE (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..... FALSE

or

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

C. Identity of Nonprofit (All nonprofit applicants):

The nonprofit organization involved in this development is: ▶

Name:

Contact Person:

Street Address:

City: State: ▶ Zip:

Phone: Contact Email:

G. NONPROFIT INVOLVEMENT

D. Percentage of Nonprofit Ownership (All nonprofit applicants):
Specify the nonprofit entity's percentage ownership of the general partnership interest: 0.0%

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

A. FALSE 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. See manual for more specifics.

Action: Provide Option or Right of First Refusal in Recordable Form meeting Virginia Housing's specifications. **(TAB V)**
Provide Nonprofit Questionnaire (if applicable) **(TAB I)**

Name of qualified nonprofit:

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.
Do not select if extended compliance is selected on Request Info Tab
Action: Provide Homeownership Plan **(TAB N)**

NOTE: Applicant is required to waive the right to pursue a Qualified Contract.

H. STRUCTURE AND UNITS INFORMATION

1. General Information

a.	Total number of **all** units in development	218	bedrooms	269
	Total number of **rental** units in development	218	bedrooms	269
	Number of low-income rental units	218	bedrooms	269
	Percentage of rental units designated low-income	100.00%		

b.	Number of new units:.....	218	bedrooms	269
	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..... 174,290.00 (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..... 174,290.00 (Sq. ft.)

h. Percentage of Net Rentable Square Feet Deemed To Be **New Rental Space**..... 100.00%

i. Exact area of site in acres 5.393

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

2. UNIT MIX

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

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

Unit Type	Average Sq Foot		# of LIHTC Units	Total Rental Units
Supportive Housing	0.00	SF	0	0
1 Story Eff - Elderly	0.00	SF	0	0
1 Story 1BR - Elderly	0.00	SF	0	0
1 Story 2BR - Elderly	0.00	SF	0	0
Eff - Elderly	0.00	SF	0	0
1BR Elderly	0.00	SF	0	0
2BR Elderly	0.00	SF	0	0
Eff - Garden	0.00	SF	0	0
1BR Garden	582.67	SF	178	178
2BR Garden	842.34	SF	29	29
3BR Garden	1157.91	SF	11	11
4BR Garden	0.00	SF	0	0
2+ Story 2BR Townhouse	0.00	SF	0	0
2+ Story 3BR Townhouse	0.00	SF	0	0
2+ Story 4BR Townhouse	0.00	SF	0	0
			218	218

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

3. Structures

a. Number of Buildings (containing rental units)..... 2

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

c. Number of stories:..... 4

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

e. Commercial Area Intended Use:

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

i. Low Rise Building(s) - (1-5 stories with any structural elements made of wood)..... TRUE

ii. Mid Rise Building(s) - (5-7 stories with no structural elements made of wood)..... FALSE

iii. High Rise Building(s) - (8 or more stories with no structural elements made of wood)..... FALSE

H. STRUCTURE AND UNITS INFORMATION

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

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

h. Development contains an elevator(s). TRUE
If true, # of Elevators. 3
Elevator Type (if known)

i. Roof Type ► Combination
j. Construction Type ► Frame
k. Primary Exterior Finish ► Fiber Cement Siding

4. Site Amenities (indicate all proposed)

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

l. Describe Community Facilities:

m. Number of Proposed Parking Spaces 238
Parking is shared with another entity FALSE

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

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

Project Wide Capture Rate - LIHTC Units	9.50%
Project Wide Capture Rate - Market Units	
Project Wide Capture Rate - All Units	9.50%
Project Wide Absorption Period (Months)	5

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 corresponding options selected below.

REQUIRED:

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

FALSE	a.	A community/meeting room with a minimum of 749 square feet is provided.
44.30%	b1.	Percentage of brick covering the exterior walls.
55.60%	b2.	Percentage of Fiber Cement Board or other similar low-maintenance material approved by the Authority covering exterior walls. Community buildings are to be included in percentage calculations.
FALSE	c.	Water expense is sub-metered (the tenant will pay monthly or bi-monthly bill).
TRUE	d.	All faucets, toilets and showerheads in each bathroom are WaterSense labeled products.
FALSE	e.	Rehab Only: Each unit is provided with the necessary infrastructure for high-speed internet/broadband service.
	f.	*Not applicable for 2022 Cycles*
FALSE	g.	Each unit is provided free individual high speed internet access.
or		
FALSE	h.	Each unit is provided free individual WiFi access.
FALSE	i.	Full bath fans are wired to primary light with delayed timer or has continuous exhaust by ERV/DOAS.
or		
FALSE	j.	Full bath fans are equipped with a humidistat.
FALSE	k.	Cooking surfaces are equipped with fire prevention features
or		
FALSE	l.	Cooking surfaces are equipped with fire suppression features.
FALSE	m.	Rehab only: Each unit has dedicated space, drain and electrical hook-ups to accept a permanently installed dehumidification system.
or		
FALSE	n.	All Construction types: each unit is equipped with a permanent dehumidification system.
FALSE	o.	All interior doors within units are solid core.
FALSE	p.	Every kitchen, living room and bedroom contains, at minimum, one USB charging port.
TRUE	q.	All kitchen light fixtures are LED and meet MDCR lighting guidelines.
	r.	*Not applicable for 2022 Cycles*
FALSE	s.	New construction only: Each unit to have balcony or patio with a minimum depth of 5 feet clear from face of building and a minimum size of 30 square feet.

J. ENHANCEMENTS

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.

FALSE d. Each unit has a shelf or ledge outside the primary entry door located in an interior hallway.

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:

FALSE 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

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.

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

10% of Total Rental Units

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

If not, please explain:

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

I. UTILITIES

1. Utilities Types:

a.	Heating Type	Electric Forced Air
b.	Cooking Type	Electric
c.	AC Type	Central Air
d.	Hot Water Type	Gas

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

Water?	TRUE	Heat?	FALSE
Hot Water?	TRUE	AC?	FALSE
Lighting/ Electric?	FALSE	Sewer?	TRUE
Cooking?	FALSE	Trash Removal?	TRUE

Utilities	Enter Allowances by Bedroom Size				
	0-BR	1-BR	2-BR	3-BR	4-BR
Heating	0	13	16	19	0
Air Conditioning	0	6	8	9	0
Cooking	0	5	7	8	0
Lighting	0	22	26	31	0
Hot Water	0	13	15	18	0
Water	0	0	0	0	0
Sewer	0	0	0	0	0
Trash	0	0	0	0	0
Total utility allowance for costs paid by tenant	$0	$59	$72	$84	$0

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

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

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.

TRUE b. Any development in which ten percent (10%) 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 the application for credits.

For items a or b, 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.

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**)

K. SPECIAL HOUSING NEEDS

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: Richmond Redevelopment & Housing Authority

Contact person: Steven Nesmith

Title: CEO

Phone Number: (804) 780-4023

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

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

c. Specify the number of low-income units that will serve individuals and families with children by providing three or more bedrooms: 11
% of total Low Income Units 5%

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

Action: Provide documentation of tenant disclosure regarding Virginia Housing Rental Education **(Mandatory - Tab U)**

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: Kelly
Last Name: Roberts

Phone Number: (804) 920-5435 Email: kroberts@lynxventures.com

K. SPECIAL HOUSING NEEDS

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:

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%
0	0.00%	40% Area Median	0%
74	33.94%	50% Area Median	3700%
70	32.11%	60% Area Median	4200%
74	33.94%	70% Area Median	5180%
0	0.00%	80% Area Median	0%
0	0.00%	Market Units	
218	100.00%	**Total**	60.00%

Rent Levels			Avg Inc.
# of Units	% of Units		
0	0.00%	20% Area Median	**0%**
0	0.00%	30% Area Median	0%
0	0.00%	40% Area Median	0%
74	33.94%	50% Area Median	3700%
70	32.11%	60% Area Median	4200%
74	33.94%	70% Area Median	5180%
0	0.00%	80% Area Median	0%
0	0.00%	Market Units	
218	100.00%	**Total**	60.00%

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 TRUE

2. Unit Detail FOR YOUR CONVENIENCE, COPY AND PASTE IS ALLOWED WITHIN UNIT MIX GRID

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

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

	Unit Type (Select One)	Rent Target (Select One)	Number of Units	# of Units 504 compliant	Net Rentable Square Feet	Monthly Rent Per Unit	Total Monthly Rent
Mix 1	1 BR - 1 Bath	50% AMI	67	10	582.67	$885.00	$59,295
Mix 2	1 BR - 1 Bath	60% AMI	64	5	582.67	$1,074.00	$68,736
Mix 3	1 BR - 1 Bath	70% AMI	47	2	582.67	$1,263.00	$59,361
Mix 4	2 BR - 2 Bath	50% AMI	5	2	842.34	$1,061.00	$5,305
Mix 5	2 BR - 2 Bath	60% AMI	4	1	842.34	$1,288.00	$5,152
Mix 6	2 BR - 2 Bath	70% AMI	20	1	842.34	$1,515.00	$30,300
Mix 7	3 BR - 2 Bath	50% AMI	2	1	1157.91	$1,225.00	$2,450
Mix 8	3 BR - 2 Bath	60% AMI	2		1157.91	$1,487.00	$2,974
Mix 9	3 BR - 2 Bath	70% AMI	7		1157.91	$1,749.00	$12,243
Mix 10							$0
Mix 11							$0
Mix 12							$0
Mix 13							$0
Mix 14							$0
Mix 15							$0
Mix 16							$0

L. UNIT DETAILS

Mix 17							$0
Mix 18							$0
Mix 19							$0
Mix 20							$0
Mix 21							$0
Mix 22							$0
Mix 23							$0
Mix 24							$0
Mix 25							$0
Mix 26							$0
Mix 27							$0
Mix 28							$0
Mix 29							$0
Mix 30							$0
Mix 31							$0
Mix 32							$0
Mix 33							$0
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Mix 35							$0
Mix 36							$0
Mix 37							$0
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Mix 66							$0
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			218	22			$245,816

Total Units	**218**	**Net Rentable SF:**	**TC Units**	**140,880.13**
			MKT Units	**0.00**
			Total NR SF:	**140,880.13**

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

M. OPERATING EXPENSES

Administrative:				Use Whole Numbers Only!
1. Advertising/Marketing				$20,000
2. Office Salaries				$211,250
3. Office Supplies				$0
4. Office/Model Apartment		(type	)	$0
5. Management Fee				$99,183
3.18% of EGI	$454.97	Per Unit		
6. Manager Salaries				$0
7. Staff Unit (s)		(type	)	$0
8. Legal				$12,750
9. Auditing				$17,000
10. Bookkeeping/Accounting Fees				$4,250
11. Telephone & Answering Service				$8,000
12. Tax Credit Monitoring Fee				$7,630
13. Miscellaneous Administrative				$35,370
Total Administrative				$415,433
Utilities				
14. Fuel Oil				$0
15. Electricity				$18,147
16. Water				$59,142
17. Gas				
18. Sewer				$59,142
Total Utility				$136,431
Operating:				
19. Janitor/Cleaning Payroll				$0
20. Janitor/Cleaning Supplies				$0
21. Janitor/Cleaning Contract				$0
22. Exterminating				$0
23. Trash Removal				$25,500
24. Security Payroll/Contract				$0
25. Grounds Payroll				$0
26. Grounds Supplies				$0
27. Grounds Contract				$35,000
28. Maintenance/Repairs Payroll				$113,750
29. Repairs/Material				
30. Repairs Contract				$185,300
31. Elevator Maintenance/Contract				$0
32. Heating/Cooling Repairs & Maintenance				$0
33. Pool Maintenance/Contract/Staff				$0
34. Snow Removal				$0
35. Decorating/Payroll/Contract				$0
36. Decorating Supplies				$0
37. Miscellaneous				$5,724
Totals Operating & Maintenance				$365,274

M. OPERATING EXPENSES

Taxes & Insurance

38.	Real Estate Taxes	$300,840
39.	Payroll Taxes	$0
40.	Miscellaneous Taxes/Licenses/Permits	$0
41.	Property & Liability Insurance	$50,140
42.	Fidelity Bond	$0
43.	Workman's Compensation	$0
44.	Health Insurance & Employee Benefits	$0
45.	Other Insurance	$0
	Total Taxes & Insurance	$350,980
	Total Operating Expense	$1,268,118

Total Operating Expenses Per Unit	$5,817	**C.** **Total Operating Expenses as % of EGI**	40.61%	

Replacement Reserves (Total # Units X $300 or $250 New Const. Elderly Minimum) $65,400

Total Expenses	$1,333,518

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	Complete	
b. Site Acquisition	2/1/2023	
c. Zoning Approval	Complete	
d. Site Plan Approval	Complete	
2. Financing		
a. Construction Loan		
i. Loan Application	7/1/2022	
ii. Conditional Commitment	1/1/2023	
iii. Firm Commitment	2/6/2023	
b. Permanent Loan - First Lien		
i. Loan Application	7/1/2022	
ii. Conditional Commitment	1/1/2023	
iii. Firm Commitment	2/6/2023	
c. Permanent Loan-Second Lien		
i. Loan Application		
ii. Conditional Commitment		
iii. Firm Commitment		
d. Other Loans & Grants		
i. Type & Source, List	ARPA	
ii. Application	Complete	
iii. Award/Commitment	Complete	
2. Formation of Owner	Complete	
3. IRS Approval of Nonprofit Status		
4. Closing and Transfer of Property to Owner	3/15/2023	
5. Plans and Specifications, Working Drawings	Complete	
6. Building Permit Issued by Local Government	1/15/2023	
7. Start Construction	3/15/2023	
8. Begin Lease-up	10/1/2024	
9. Complete Construction	1/1/2025	
10. Complete Lease-Up	12/1/2025	
11. Credit Placed in Service Date	1/1/2025	

O. PROJECT BUDGET - HARD COSTS

Cost/Basis/Maximum Allowable Credit

Complete cost column and basis column(s) as appropriate

To select exclusion of allowable line items from Total Development Costs used in Cost limit calculations, select X in yellow box to the left.

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

Must Use Whole Numbers Only!

Item	(A) Cost	Amount of Cost up to 100% Includable in Eligible Basis--Use Applicable Column(s): "30% Present Value Credit" (B) Acquisition	"30% Present Value Credit" (C) Rehab/ New Construction	(D) "70 % Present Value Credit"
1. Contractor Cost				
a. Unit Structures (New)	38,655,494	0	38,655,494	0
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	38,655,494	0	38,655,494	0
f. Earthwork		0	0	0
g. Site Utilities	0	0	0	0
h. Renewable Energy	0	0	0	0
i. Roads & Walks	0	0	0	0
j. Site Improvements	0	0	0	0
k. Lawns & Planting	0	0	0	0
l. Engineering	0	0	0	0
m. Off-Site Improvements	0	0	0	0
n. Site Environmental Mitigation	75,000	0	75,000	0
o. Demolition	0	0	0	0
p. Site Work	2,750,000	0	2,550,000	0
q. Other Site work	0	0	0	0
Total Land Improvements	2,825,000	0	2,625,000	0
Total Structure and Land	41,480,494	0	41,280,494	0
r. General Requirements		0	0	0
s. Builder's Overhead		0	0	0
(0.0% Contract)				
t. Builder's Profit	0	0	0	0
(0.0% Contract)				
u. Bonds	0	0	0	0
v. Building Permits		0	0	0
w. Special Construction	0	0	0	0
x. Special Equipment	0	0	0	0
y. Other 1:	0	0	0	0
z. Other 2:	0	0	0	0
aa. Other 3:	0	0	0	0
Contractor Costs	$41,480,494	$0	$41,280,494	$0

O. PROJECT BUDGET - OWNER COSTS

To select exclusion of allowable line items from Total Development Costs used in Cost limit calculations, select X in yellow box to the left.

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" (B) Acquisition	"30% Present Value Credit" (C) Rehab/ New Construction	(D) "70 % Present Value Credit"
2. Owner Costs				
a. Building Permit	215,000	0	215,000	0
b. Architecture/Engineering Design Fee ($3,303 /Unit)	720,000	0	720,000	0
c. Architecture Supervision Fee ($0 /Unit)	0	0	0	0
d. Tap Fees	50,000	0	50,000	0
e. Environmental	20,000	0	20,000	0
f. Soil Borings	30,000	0	30,000	0
g. Green Building (Earthcraft, LEED, etc.)	0	0	0	0
h. Appraisal	15,000	0	15,000	0
i. Market Study	0	0	0	0
j. Site Engineering / Survey	175,000	0	175,000	0
k. Construction/Development Mgt	807,407	0	807,407	0
l. Structural/Mechanical Study	0	0	0	0
m. Construction Loan Origination Fee	407,813	0	71,706	0
n. Construction Interest (0.0% for 0 months)	1,042,983	0	1,042,983	0
o. Taxes During Construction	38,400	0	38,400	0
p. Insurance During Construction	350,000	0	350,000	0
q. Permanent Loan Fee (0.0%)	0	0	0	0
r. Other Permanent Loan Fees	0	0	0	0
s. Letter of Credit	25,000	0	25,000	0
t. Cost Certification Fee	20,000	0	20,000	0
u. Accounting	40,000	0		0
v. Title and Recording	150,000	0	30,000	0
w. Legal Fees for Closing	125,000	0	41,667	0
x. Mortgage Banker	100,000	0	50,000	0
y. Tax Credit Fee	185,000			
z. Tenant Relocation	0	0	0	0
aa. Fixtures, Furnitures and Equipment	300,000	0	300,000	0
ab. Organization Costs	0	0	0	0
ac. Operating Reserve	0	0	0	0
ad. Contingency	2,070,275	0	2,070,275	0
ae. Security	0	0	0	0
af. Utilities	0	0	0	0

O. PROJECT BUDGET - OWNER COSTS

ag. Servicing Reserve		0			
(1) Other* specify:	Out of Balance Fee	50,000	0	50,000	0
(2) Other* specify:	Lease-up Reserve	1,090,000	0		0
(3) Other* specify:			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
Owner Costs Subtotal (Sum 2A..2(10))		$8,026,878	$0	$6,122,438	$0
Subtotal 1 + 2 (Owner + Contractor Costs)		$49,507,372	$0	$47,402,932	$0
3. Developer's Fees		3,000,000	0	3,000,000	0
Action: Provide Developer Fee Agreement (Tab A)					
4. Owner's Acquisition Costs					
Land		0			
Existing Improvements		0	0		
Subtotal 4:		$0	$0		
5. Total Development Costs					
Subtotal 1+2+3+4:		$52,507,372	$0	$50,402,932	$0

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

	$0	**Land**
(Provide documentation at **Tab E**)	$0	**Building**

Maximum Developer Fee: **$4,390,590**

Proposed Development's Cost per Sq Foot	$301	**Meets Limits**
Applicable Cost Limit by Square Foot:	$314	
Proposed Development's Cost per Unit	$240,860	**Meets Limits**
Applicable Cost Limit per Unit:	$303,292	

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" (B) Acquisition	(C) Rehab/ New Construction	(D) "70 % Present Value Credit"
1. Total Development Costs	52,507,372	0	50,402,932	0
2. Reductions in Eligible Basis				
a. Amount of federal grant(s) used to finance qualifying development costs		0	0	0
b. Amount of nonqualified, nonrecourse financing		0	0	0
c. Costs of nonqualifying units of higher quality (or excess portion thereof)		0	0	0
d. Historic Tax Credit (residential portion)		0	0	0
3. Total Eligible Basis (1 - 2 above)		0	50,402,932	0
4. Adjustment(s) to Eligible Basis (For non-acquisition costs in eligible basis)				
a. For QCT or DDA (Eligible Basis x 30%)			15,120,880	0
State Designated Basis Boosts:				
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			65,523,812	0
5. Applicable Fraction		100.00000%	100.00000%	100.00000%
6. Total Qualified Basis (Eligible Basis x Applicable Fraction)		0	65,523,812	0
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.)		4.00%	4.00%	9.00%
8. Maximum Allowable Credit under IRC §42 (Qualified Basis x Applicable Percentage)		$0	$2,620,952	$0
(Must be same as BIN total and equal to or less than credit amount allowed)			$2,620,952 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.	Virginia Housing			$25,750,000	
2.	TowneBank Bridge Loan			$10,500,000	
3.	LIHTC 50%, ARPA Loan Draw			$6,463,588	
	Total Construction Funding:			$42,713,588	

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	*(Whole Numbers only)* Amount of Funds	Annual Debt Service Cost	Interest Rate of Loan	Amortization Period IN YEARS	Term of Loan (years)
1.	Virginia Housing			$25,750,000	$1,530,753	4.85%	35	35
2.								
3.								
4.								
5.								
6.								
7.								
8.								
9.								
10.								
	Total Permanent Funding:			$25,750,000	$1,530,753			

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.	City of Richmond - ARPA			$1,744,000	Sherrill Hampton, City of Richmond
2.					
3.					
4.					
5.					
6.					
	Total Permanent Grants:			$1,744,000	

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

TE: See Below For 50% Test Status

a.	Tax Exempt Bonds	$25,750,000
b.	RD 515	$0
c.	Section 221(d)(3)	$0
d.	Section 312	$0
e.	Section 236	$0
f.	VHDA SPARC/REACH	$0
g.	HOME Funds	
h.	Other:	$0
i.	Other:	$0

Market-Rate Loans

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

Grants*

a.	CDBG	$0
b.	UDAG	$0

Grants

c.	State	$0
d.	Local	$1,744,000
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: **51.09%**

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

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

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

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

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

c. FALSE Other

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

R. EQUITY

1. Equity

a. Portion of Syndication Proceeds Attributable to Historic Tax Credit

Amount of Federal historic credits	$0	x Equity $	$0.000	=	$0
Amount of Virginia historic credits	$0	x Equity $	$0.000	=	$0

b. Equity that Sponsor will Fund:

i.	Cash Investment	$0	
ii.	Contributed Land/Building	$0	
iii.	Deferred Developer Fee	$900,609	(Note: Deferred Developer Fee cannot be negative.)
iv.	Other:	$0	

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 $900,609

2. Equity Gap Calculation

a.	Total Development Cost		$52,507,372
b.	Total of Permanent Funding, Grants and Equity	-	$28,394,609
c.	Equity Gap		$24,112,763
d.	Developer Equity	-	$2,415
e.	Equity gap to be funded with low-income tax credit proceeds		$24,110,348

3. Syndication Information (If Applicable)

a. Actual or Anticipated Name of Syndicator: TowneBank

Contact Person: Anne Conner Phone:

Street Address: 1510 Quarterpath Rd

City: Williamsburg State: Zip: 23185

b. Syndication Equity

i.	Anticipated Annual Credits	$2,620,952.00
ii.	Equity Dollars Per Credit (e.g., $0.85 per dollar of credit)	$0.920
iii.	Percent of ownership entity (e.g., 99% or 99.9%)	99.99000%
iv.	Syndication costs not included in Total Development Costs (e.g., advisory fees)	$0
v.	Net credit amount anticipated by user of credits	$2,620,690
vi.	Total to be paid by anticipated users of credit (e.g., limited partners)	$24,110,348

c. Syndication: Private

d. Investors: Corporate

4. Net Syndication Amount $24,110,348

Which will be used to pay for Total Development Costs

5. Net Equity Factor 92.0000033420%

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		$52,507,372
2.	Less Total of Permanent Funding, Grants and Equity	-	$28,394,609
3.	Equals Equity Gap		$24,112,763
4.	Divided by Net Equity Factor (Percent of 10-year credit expected to be raised as equity investment)		92.0000033420%
5.	Equals Ten-Year Credit Amount Needed to Fund Gap		$26,209,524
	Divided by ten years		10
6.	Equals Annual Tax Credit Required to Fund the Equity Gap		$2,620,952
7.	Maximum Allowable Credit Amount (from Eligible Basis Calculation)		$2,620,952

8. Requested Credit Amount

		For 30% PV Credit:	$2,620,952
		For 70% PV Credit:	$0
Credit per LI Units	$12,022.7156		
Credit per LI Bedroom	$9,743.3160	**Combined 30% & 70% PV Credit Requested**	**$2,620,952**

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		$245,816
Plus Other Income Source (list):	Application fees, late fees, pet fees, parking	$8,110
Equals Total Monthly Income:		$253,926
Twelve Months		x12
Equals Annual Gross Potential Income		$3,047,112
Less Vacancy Allowance	7.0%	$213,298
Equals Annual Effective Gross Income (EGI) - Low Income Units		$2,833,814

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):	Real Estate Tax Rebate xxxxxxxxxxxxxxxx	$24,070
Equals Total Monthly Income:		$24,070
Twelve Months		x12
Equals Annual Gross Potential Income		$288,840
Less Vacancy Allowance	0.0%	$0
Equals Annual Effective Gross Income (EGI) - Market Rate Units		$288,840

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

3. **Cash Flow (First Year)**

a.	Annual EGI Low-Income Units	$2,833,814
b.	Annual EGI Market Units	$288,840
c.	Total Effective Gross Income	$3,122,654
d.	Total Expenses	$1,333,518
e.	Net Operating Income	$1,789,136
f.	Total Annual Debt Service	$1,530,753
g.	Cash Flow Available for Distribution	$258,383

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	3,122,654	3,185,107	3,248,809	3,313,786	3,380,061
Less Oper. Expenses	1,333,518	1,373,524	1,414,729	1,457,171	1,500,886
Net Income	1,789,136	1,811,584	1,834,080	1,856,614	1,879,175
Less Debt Service	1,530,753	1,530,753	1,530,753	1,530,753	1,530,753
Cash Flow	258,383	280,831	303,327	325,861	348,422
Debt Coverage Ratio	1.17	1.18	1.20	1.21	1.23

	Year 6	Year 7	Year 8	Year 9	Year 10
Eff. Gross Income	3,447,663	3,516,616	3,586,948	3,658,687	3,731,861
Less Oper. Expenses	1,545,913	1,592,290	1,640,059	1,689,261	1,739,939
Net Income	1,901,750	1,924,326	1,946,889	1,969,426	1,991,922
Less Debt Service	1,530,753	1,530,753	1,530,753	1,530,753	1,530,753
Cash Flow	370,997	393,573	416,136	438,673	461,169
Debt Coverage Ratio	1.24	1.26	1.27	1.29	1.30

	Year 11	Year 12	Year 13	Year 14	Year 15
Eff. Gross Income	3,806,498	3,882,628	3,960,281	4,039,486	4,120,276
Less Oper. Expenses	1,792,137	1,845,901	1,901,278	1,958,316	2,017,066
Net Income	2,014,361	2,036,727	2,059,003	2,081,170	2,103,210
Less Debt Service	1,530,753	1,530,753	1,530,753	1,530,753	1,530,753
Cash Flow	483,608	505,974	528,250	550,417	572,457
Debt Coverage Ratio	1.32	1.33	1.35	1.36	1.37

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: 2

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

Bldg #	BIN if known	NUMBER OF TAX CREDIT UNITS	NUMBER OF MARKET RATE UNITS	Please help us with the process: DO NOT use the CUT feature DO NOT SKIP LINES BETWEEN BUILDINGS Street Address 1	Street Address 2	City	State	Zip	30% Present Value Credit for Acquisition: Estimate Qualified Basis	Actual or Anticipated In-Service Date	Applicable Percentage	Credit Amount	30% Present Value Credit for Rehab / New Construction: Estimate Qualified Basis	Actual or Anticipated In-Service Date	Applicable Percentage	Credit Amount	70% Present Value Credit: Estimate Qualified Basis	Actual or Anticipated In-Service Date	Applicable Percentage	Credit Amount
1.		72		575 Hioaks Road		Richmond	VA	23225				$0	$21,622,858	01/01/25	4.00%	$864,914				$0
2.		146		475 Hioaks Road		Richmond	VA	23225				$0	$43,900,954	01/01/25	4.00%	$1,756,038				$0
3.												$0				$0				$0
4.												$0				$0				$0
5.												$0				$0				$0
6.												$0				$0				$0
7.												$0				$0				$0
8.												$0				$0				$0
9.												$0				$0				$0
10.												$0				$0				$0
11.												$0				$0				$0
12.												$0				$0				$0
13.												$0				$0				$0
14.												$0				$0				$0
15.												$0				$0				$0
16.												$0				$0				$0
17.												$0				$0				$0
18.												$0				$0				$0
19.												$0				$0				$0
20.												$0				$0				$0
21.												$0				$0				$0
22.												$0				$0				$0
23.												$0				$0				$0
24.												$0				$0				$0
25.												$0				$0				$0
26.												$0				$0				$0
27.												$0				$0				$0
28.												$0				$0				$0
29.												$0				$0				$0
30.												$0				$0				$0
31.												$0				$0				$0
32.												$0				$0				$0
33.												$0				$0				$0
34.												$0				$0				$0
35.												$0				$0				$0
		218	0	If development has more than 35 buildings, contact Virginia Housing.																
				Totals from all buildings					$0			$0	$65,523,812			$2,620,952	$0			$0

Number of BINS: 2

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 agrees to provide disclosure to all tenants of the availability of Renter Education provided by Virginia Housing.

16. that undersigned waives the right to pursue a Qualified Contract on this development.

17. 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: 7000 Carnation, LLC
7000 Carnation Managing Member, LLC, its sole meml
Jaguar Holdings II, LLC its sole member

By: John Gregory

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 Architects

By: Walter Parks 

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 Housin'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. Items 5f and 5g require 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:	Included		Score
a. Signed, completed application with attached tabs in PDF format	Y	Y or N	0
b. Active Excel copy of application	Y	Y or N	0
c. Partnership agreement	Y	Y or N	0
d. SCC Certification	Y	Y or N	0
e. Previous participation form	Y	Y or N	0
f. Site control document	Y	Y or N	0
g. RESNET Certification	Y	Y or N	0
h. Attorney's opinion	Y	Y or N	0
i. Nonprofit questionnaire (if applicable)	Y	Y, N, N/A	0
j. Appraisal	Y	Y or N	0
k. Zoning document	Y	Y or N	0
l. Universal Design Plans	Y	Y or N	0
m. List of LIHTC Developments (Schedule A)	Y	Y or N	0
Total:			0.00

1. READINESS:			
a. Virginia Housing notification letter to CEO (via Locality Notification Information App)	Y	0 or -50	0.00
b. Local CEO Opposition Letter	N	0 or -25	0.00
c. Plan of development < no points offered in Cycle 2022 >	N/A	0 pts for 2022	0.00
d. Location in a revitalization area based on Qualified Census Tract	N	0 or 10	0.00
e. Location in a revitalization area with resolution	Y	0 or 15	15.00
f. Location in a Opportunity Zone	N	0 or 15	0.00
Total:			15.00

2. HOUSING NEEDS CHARACTERISTICS:			
a. Sec 8 or PHA waiting list preference	Y	0 or up to 5	5.00
b. Existing RD, HUD Section 8 or 236 program	N	0 or 20	0.00
c. Subsidized funding commitments	0.00%	Up to 40	0.00
d. Tax abatement on increase of property's value	N	0 or 5	0.00
e. New project based rental subsidy (HUD or RD)	N	0 or 10	0.00
f. Census tract with <12% poverty rate	0%	0, 20, 25 or30	0.00
g. Development provided priority letter from Rural Development	N	0 or 15	0.00
h. Dev. located in area with increasing rent burdened population	Y	Up to 20	20.00
Total:			25.00

3. DEVELOPMENT CHARACTERISTICS:

a. Enhancements (See calculations below)				42.72
b. Project subsidies/HUD 504 accessibility for 5 or 10% of units		N	0 or 50	0.00
or c. HUD 504 accessibility for 10% of units		Y	0 or 20	20.00
d. Proximity to public transportation (within Northern VA or Tidewater)		Y10	0, 10 or 20	10.00
e. Development will be Green Certified		N	0 or 10	0.00
f. Units constructed to meet Virginia Housing's Universal Design standards		10%	Up to 15	1.51
g. Developments with less than 100 low income units		N	up to 20	0.00
h. Historic Structure eligible for Historic Rehab Credits		N	0 or 5	0.00
	Total:			74.23

4. TENANT POPULATION CHARACTERISTICS:

Locality AMI	State AMI
$90,000	$59,700

a. Less than or equal to 20% of units having 1 or less bedrooms		N	0 or 15	0.00
b. <plus> Percent of Low Income units with 3 or more bedrooms		5.05%	Up to 15	0.00
c. Units with rent and income at or below 30% of AMI and are not subsidized (up to 10% of LI units)		0.00%	Up to 10	0.00
d. Units with rents at or below 40% of AMI (up to 10% of LI units)		0.00%	Up to 10	0.00
e. Units with rent and income at or below 50% of AMI		0.00%	Up to 50	0.00
f. Units with rents at or below 50% rented to tenants at or below 60% of AMI		0.00%	Up to 25	0.00
or g. Units in LI Jurisdictions with rents <= 50% rented to tenants with <= 60% of AMI		0.00%	Up to 50	0.00
	Total:			0.00

5. SPONSOR CHARACTERISTICS:

a. Developer experience (Subdivision 5a - options a,b or c)		Y	0, 10 or 25	25.00
b. Experienced Sponsor - 1 development in Virginia		N	0 or 5	0.00
c. Experienced Sponsor - 3 developments in any state		N	0 or 15	0.00
d. Developer experience - life threatening hazard		N	0 or -50	0.00
e. Developer experience - noncompliance		N	0 or -15	0.00
f. Developer experience - did not build as represented (per occurrence)		0	0 or -2x	0.00
g. Developer experience - failure to provide minimum building requirements (per occurence)		0	0 or -50 per item	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. Socially Disadvantaged Principal owner 25% or greater		N	0 or 5	0.00
k. Management company rated unsatisfactory		N	0 or -25	0.00
l. Experienced Sponsor partnering with Local Housing Authority pool applicant		N	0 or 5	0.00
	Total:			25.00

6. EFFICIENT USE OF RESOURCES:

a. Credit per unit			Up to 200	79.85
b. Cost per unit			Up to 100	41.16
	Total:			121.01

7. BONUS POINTS:

a. Extended compliance	25	Years	40 or 50	40.00
or b. Nonprofit or LHA purchase option		N	0 or 60	0.00
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 30	0.00
e. RAD or PHA Conversion participation and competing in Local Housing Authority pool		N	0 or 10	0.00
f. Team member with Diversity, Equity and Inclusion Designation		N	0 or 5	0.00
g. Commitment to electronic payment of fees		Y	0 or 5	5.00
	Total:			45.00

400 Point Threshold - all 9% Tax Credits
300 Point Threshold - Tax Exempt Bonds

TOTAL SCORE: **305.24**

Enhancements:

All units have:	Max Pts	Score
a. Community Room	5	0.00
b. Exterior walls constructed with brick and other low maintenance materials	40	37.72
c. Sub metered water expense	5	0.00
d. Watersense labeled faucets, toilets and showerheads	3	3.00
e. Rehab only: Infrastructure for high speed internet/broadband	1	0.00
f. N/A for 2022	0	0.00
g. Each unit provided free individual high speed internet access	10	0.00
h. Each unit provided free individual WiFi	12	0.00
i. Bath Fan - Delayed timer or continuous exhaust	3	0.00
j. Baths equipped with humidistat	3	0.00
k. Cooking Surfaces equipped with fire prevention features	4	0.00
l. Cooking surfaces equipped with fire suppression features	2	0.00
m. Rehab only: dedicated space to accept permanent dehumidification system	2	0.00
n. Provides Permanently installed dehumidification system	5	0.00
o. All interior doors within units are solid core	3	0.00
p. USB in kitchen, living room and all bedrooms	1	0.00
q. LED Kitchen Light Fixtures	2	2.00
r. N/A for 2022	0	0.00
s. New Construction: Balcony or patio	4	0.00
		42.72
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
w. Shelf or Ledge at entrance within interior hallway	2	0.00
		0.00

Total amenities: **42.72**

X. Development Summary

Summary Information **2022 Low-Income Housing Tax Credit Application For Reservation**

Deal Name:	**7000 Carnation**

Cycle Type:	4% Tax Exempt Bonds Credits		**Requested Credit Amount:**	$2,620,952	
Allocation Type:	0		**Jurisdiction:**	Richmond City	
Total Units	218		**Population Target:**	General	**Total Score**
Total LI Units	218				**305.24**
Project Gross Sq Ft:	174,290.00		**Owner Contact:**	John	Gregory
Green Certified?	FALSE				

Source of Funds	Amount	Per Unit	Per Sq Ft	Annual Debt Service
Permanent Financing	$25,750,000	$118,119	$148	$1,530,753
Grants	$1,744,000	$8,000		
Subsidized Funding	$0	$0		

Uses of Funds - Actual Costs

Type of Uses	Amount	Per Unit	Sq Ft	% of TDC
Improvements	$41,480,494	$190,277	$238	79.00%
General Req/Overhead/Profit	$0	$0	$0	0.00%
Other Contract Costs	$0	$0	$0	0.00%
Owner Costs	$8,026,878	$36,821	$46	15.29%
Acquisition	$0	$0	$0	0.00%
Developer Fee	$3,000,000	$13,761	$17	5.71%
Total Uses	**$52,507,372**	$240,860		

Total Development Costs

Total Improvements	$49,507,372
Land Acquisition	$0
Developer Fee	$3,000,000
Total Development Costs	**$52,507,372**

Proposed Cost Limit/Sq Ft:	$301
Applicable Cost Limit/Sq Ft:	$314
Proposed Cost Limit/Unit:	$240,860
Applicable Cost Limit/Unit:	$303,292

Income

Gross Potential Income - LI Units		$3,047,112
Gross Potential Income - Mkt Units		$288,840
	Subtotal	$3,335,952
Less Vacancy %	7.00%	$233,517
Effective Gross Income		$3,102,435

Rental Assistance? FALSE

Unit Breakdown

Supp Hsg	0
# of Eff	0
# of 1BR	178
# of 2BR	29
# of 3BR	11
# of 4+ BR	0
Total Units	218

Expenses

Category	Total	Per Unit
Administrative	$415,433	$1,906
Utilities	$136,431	$626
Operating & Maintenance	$365,274	$1,676
Taxes & Insurance	$350,980	$1,610
Total Operating Expenses	$1,268,118	$5,817
Replacement Reserves	$65,400	$300
Total Expenses	$1,333,518	$6,117

	Income Levels	Rent Levels
	# of Units	# of Units
<=30% AMI	0	0
40% AMI	0	0
50% AMI	74	74
60% AMI	70	70
>60% AMI	74	74
Market	0	0

Cash Flow

EGI	$3,102,435
Total Expenses	$1,333,518
Net Income	$1,768,917
Debt Service	$1,530,753
Debt Coverage Ratio (YR1):	1.17

Income Averaging? TRUE

Extended Use Restriction? 40

i. Efficient Use of Resources

Credit Points for 9% Credits:

* 4% Credit applications will be calculated using the E-U-R TE Bond Tab

If the Combined Max Allowable Credits 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%) x 200 or 133.33 points.

Combined Max	$2,620,952	
Credit Requested	$2,620,952	
% of Savings	0.00%	
Sliding Scale Points		0

4% Deals EUR Points
79.85

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 cost 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%) x 100 or 71.40 points.

Total Costs Less Acquisition	$52,507,372		
Total Square Feet	174,290.00		
Proposed Cost per SqFt	$301.26		
Applicable Cost Limit per Sq Ft	$314.00		
% of Savings	4.06%		
Total Units	218		
Proposed Cost per Unit	$240,860		
Applicable Cost Limit per Unit	$303,292		
% of Savings	20.58%		
Max % of Savings	20.58%	Sliding Scale Points	41.16

2022 Low-Income Housing Tax Credit Application For Reservation

v.2022.1

$/SF = $300.98 Credits/SF = 18.60413 Const $/unit = $190,277.50

TYPE OF PROJECT	GENERAL = 11000; ELDERLY = 12000	11000	
LOCATION	Inner-NVA=100; Outer-NV=200; NWNC=300; Rich=400; Tid=500; Balance=600	400	400
TYPE OF CONSTRUCTION	N C=1; ADPT=2;REHAB(35,000+)=3; REHAB*(10,000-35,000)=4	1	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-(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
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	582.67	842.34	1,157.91	0.00	0.00	0.00	0.00
NUMBER OF UNITS	0	178	29	11	0	0	0	0
PARAMETER-(CREDITS=>35,000)	0	18,696	23,940	27,018	0	0	0	0
PARAMETER-(CREDITS<35,000)	0	0	0	0	0	0	0	0
PARAMETER-(CREDITS=>50,000)	0	18,696	23,940	27,018	0	0	0	0
PARAMETER-(CREDITS<50,000)	0	0	0	0	0	0	0	0
CREDIT PARAMETER	0	18,696	23,940	27,018	0	0	0	0
PROJECT CREDIT PER UNIT	0	10,840	15,671	21,542	0	0	0	0
CREDIT PER UNIT POINTS	**0.00**	**68.62**	**9.19**	**2.05**	**0.00**	**0.00**	**0.00**	**0.00**

TOTAL CREDIT PER UNIT POINTS 79.85

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

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	18,696	23,940	27,018	0	0	0	0
Parameter Adjustment - mid rise	0	0	0	0	0	0	0	0
Parameter Adjustment - high rise	0	0	0	0	0	0	0	0
Adjusted Credit Parameter	0	18,696	23,940	27,018	0	0	0	0

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

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 Cost Parameter	0	0	0	0	0	0	0

Credit Parameters - General

	EFF-G	1 BR-G	2 BR-G	3 BR-G	4 BR-G	2 BR-TH	3 BR-TH	4 BR-TH
Standard Credit Parameter - low rise	0	18,696	23,940	27,018	0	0	0	0
Parameter Adjustment - mid rise	0	0	0	0	0	0	0	0
Parameter Adjustment - high rise	0	0	0	0	0	0	0	0
Adjusted Cost Parameter	0	18,696	23,940	27,018	0	0	0	0

Tab A:

Partnership or Operating Agreement, including chart of ownership structure with percentage of interests and Developer Fee Agreement (MANDATORY)

DECLARATION OF OPERATION

OF

7000 CARNATION, LLC
a Virginia limited liability company

This Declaration of Operation ("Declaration") of **7000 Carnation, LLC**, a Virginia limited liability company (the "Company"), is made as of **October 28, 2021** by **7000 Carnation Managing Member, LLC** as the sole "Member" and "Manager" of the Company.

WHEREAS, the Company has only one Member; and

WHEREAS, it is the desire of the Company and its sole Member to enter into an agreement for the operation of the Company by its Manager;

NOW THEREFORE, the Company and its sole Member hereby covenant and agree as follows:

ARTICLE I
FORMATION AND PURPOSE

1.01 Formation. The Member:

(a) acknowledges the formation of the Company as a limited liability company pursuant to the Virginia Limited Liability Company Act, as amended from time to time (the "Act"), by virtue of Articles of Organization filed with the Virginia State Corporation Commission effective as of **October 28, 2021**;

(b) confirms and declares his status as the sole Member of the Company upon the terms and conditions set forth in this Declaration; and

(c) executes and adopts this Declaration as an Operating Agreement of the Company pursuant to § 13.1-1023 of the Act.

1.02 Name. The name of the Company shall be **7000 Carnation, LLC.**

1.03 Governing Law. This Declaration and all questions with respect to the rights and obligations of the Member, the construction, enforcement, and interpretation hereof and the formation, administration, and termination of the Company shall be governed by the Act and other applicable laws of the Commonwealth of Virginia, without reference to the choice of law provisions of any jurisdiction.

1.04 Defined Terms. Except when the context may otherwise require, each capitalized term used in this Declaration shall have the meaning specified in the Section where such capitalized term is defined.

1.05 Purposes. The Company has been formed to transact any lawful business not required to be stated specifically in this Declaration and for which limited liability companies may be formed under the Act.

ARTICLE II
MEMBERS

2.01 Member. The Member of the Company is **7000 Carnation Managing Member, LLC** whose address is **7 E. 2nd Street, Richmond, Virginia 23224**.

2.02 Membership Interests. By executing this Declaration, **7000 Carnation Managing Member, LLC** subscribes for, and the Company issues to **7000 Carnation Managing Member, LLC**, a 100% ownership interest in the Company, hereinafter referred to generally as an "Interest" or "Membership Interest,".

ARTICLE III
MANAGEMENT

3.01 Management. The property, affairs and business of the Company shall be under the direction of and managed exclusively by one (1) "Manager". Except as otherwise expressly provided by law, the Company's Articles of Organization or this Declaration, all of the powers of the Company shall be vested exclusively in the Manager.

The initial Manager shall be **John R. Gregory**, who shall serve until his death or withdrawal from the Company. At such time, any existing or new Members may elect a new Manager through vote of the Members then owning more than 50% in Membership Interests (a "Majority") or choose instead to govern through Majority rule. The Manager shall have the complete power and authority to make all decisions of the Company. No person dealing with the Company shall be required to inquire into the authority of the Manager to take any action or to make any decision.

3.02 Limitation on Liability. A Member shall not be liable, responsible, or accountable to the Company or any other Member in damages or otherwise for any acts, or for any failure to act, performed or omitted unless illegal.

3.03 Reimbursement and Indemnification. The Company shall bear all expenses incurred with respect to the organization, operation, and management of the Company. The Member intends that only the assets of the Company be exposed for the liabilities of the Company pursuant to the Act.

ARTICLE IV
TERM AND TERMINATION OF THE COMPANY

4.01 Term of the Company. The term of the Company shall commence upon the date of this Declaration and shall continue in perpetuity, unless sooner terminated as provided in this Declaration.

4.02 Events of Dissolution. The Company shall be dissolved upon the occurrence of the following events:

(a) The determination in writing of the Member to dissolve the Company;

(b) Except upon the Member's (including any substitute Member) determination to continue the business of the Company within six months of the following events, in which case the Company shall not be dissolved and the Company and the business of the Company shall be continued:

(i) The sale, transfer, or other disposition of substantially all of the non-cash assets of the Company (other than debt instruments);

(ii) The adjudication of the Company as insolvent, or the entry of any order of relief with respect to the Company, under any applicable insolvency or bankruptcy laws, or the filing of an involuntary petition in bankruptcy against the Company (which is not dismissed within 90 days), or the filing against the Company of a petition for reorganization under the Federal Bankruptcy Code or any state statute (which is not dismissed within 90 days), or a general assignment by the Company for the benefit of creditors, or the voluntary claim (by the Company) that it is insolvent or entitled to relief under any provisions of the Federal Bankruptcy Code (or any state insolvency statute), or the appointment for the Company of a temporary or permanent receiver, trustee, custodian or sequestrator if such receiver, trustee, custodian or sequestrator is not dismissed within 90 days;

(iii) The dissolution or bankruptcy (which shall mean being the subject of an order for relief under Title 11 of the United States Code) of the Member, or occurrence of any other event that terminates the continued membership of any Member in the Company;

(iv) When so required in accordance with other provisions of this Declaration; or

(v) As otherwise required by the Act.

4.03 Conclusion of Affairs. Upon the dissolution of the Company for any reason, if the Company is not continued as permitted by this Declaration, the Member shall proceed promptly to wind up the affairs of the Company.

4.04 Termination. Upon completion of the winding up of the Company and the distribution of all Company assets, the Company shall terminate, and the Member shall execute and record a Certificate of Cancellation of the Company, as well as any and all other documents required to effectuate the dissolution and termination of the Company.

ARTICLE V
TRANSFERS AND THE ADDITION, SUBSTITUTION AND WITHDRAWAL OF A MEMBER

5.01 Restrictions on Transfers. A Member may transfer all or a portion of his or its Interest. If he or it transfers part of his or its Interest so that the Company has more than one Member, the Company shall elect to be treated as a partnership for federal and state income tax purposes unless all Members agree otherwise. The Members will cooperate with, and execute all documents necessary for, such election. The Members will also cooperate in good faith to amend and restate this Declaration as an Operating Agreement for the Company.

5.02 Additional Members. No new Members shall be entitled to any retroactive allocation of income, losses, or expense deductions the Company incurs. The Manager may, at his option, at the time a new Member is admitted, close the Company's books (as though the Company's tax year had ended) or make pro rata allocations of income, loss, and expense deductions to a new Member for that portion of the Company's tax year in which the new Member was admitted in accordance with the provisions of Code Section 706(d) and the regulations thereunder.

5.03 Single Member. While the Company has only one Member, it and its Member will elect to have the Company ignored for federal and state income tax purposes or refrain from making a contrary election.

ARTICLE VI
ADMINISTRATIVE PROVISIONS

6.01 Office and Registered Agent.

(a) The initial principal place of business and principal office of the Company shall be 7 E. 2nd Street, Richmond, Virginia 23224. The Company may relocate the principal place of business and principal office and have such additional offices as the Manager may deem advisable.

(b) The name and address of the registered agent for purposes of the Act is **Richard W. Gregory**, whose business address is c/o Atlas Law, PLC, A Professional Corporation, 7 East Second Street, Richmond, Virginia 23244, and who is a member of the Virginia State Bar and a resident of Virginia. The Manager may at any time change the location of the principal office or registered agent.

6.02 Bank Accounts. The Manager may, from time to time, open bank accounts in the name of the Company, and the Manager shall be the sole signatory thereon, unless the Manager determines

otherwise. Funds of the Company shall be deposited in such account or accounts as the Manager shall determine. Funds may be withdrawn from such accounts only for bona fide and legitimate Company purposes and may from time to time be invested in such securities, money market funds, certificates of deposit, or other liquid assets as the Manager deems appropriate. The Manager shall not be accountable or liable for any loss of Company funds resulting from failure or insolvency of the depository institution, so long as the deposit of such funds was in compliance with this Declaration.

6.03 Books and Records. At all times during the term of the Company, the Manager shall keep, or cause to be kept, full and accurate books of account, records, and supporting documents, which shall reflect, completely, accurately, and in reasonable detail, each transaction of the Company (including, without limitation, transactions with the Member or affiliates). The books of account shall be maintained and tax returns prepared and filed based on the method of accounting the Manager determines. The books of account, records, and all documents and other writings of the Company shall be kept and maintained at the principal office of the Company. The Manager shall cause the Company to keep at its principal office all books and records required to be maintained by the Act and the other laws of the Commonwealth of Virginia.

ARTICLE VII
MISCELLANEOUS

7.01 Interpretation. Whenever the context may require, any noun or pronoun used herein shall include the corresponding masculine, feminine, or neuter forms. The singular form of nouns, pronouns, and verbs shall include the plural, and vice versa.

7.02 Severability. Each provision of this Declaration shall be considered severable, and if for any reason any provision or provisions hereof are determined to be invalid, such invalidity shall not impair the operation of, or affect, those portions of this Declaration which are valid, and this Declaration shall remain in full force and effect and shall be construed and enforced in all respects as if such invalid or unenforceable provision or provisions had been omitted.

7.03 Burden and Benefit Upon Successors. Except as expressly otherwise provided herein, this Declaration is binding upon and inures to the benefit of, the Member and its successors and permitted assigns.

7.04 Third Parties. The agreements, covenants, and representations contained in this Declaration are for the benefit of the Member and are not for the benefit of any third parties, including, without limitation, any creditors of the Company or of the Member.

7.05 Section Headings. Section titles or captions contained in this Declaration are inserted as a matter of convenience and for reference only and shall not be construed in any way to define, limit or extend or describe the scope of this Declaration or the intention of the provisions thereto.

[Signature Page Follows]

IN WITNESS WHEREOF, the sole Member has executed this Declaration.

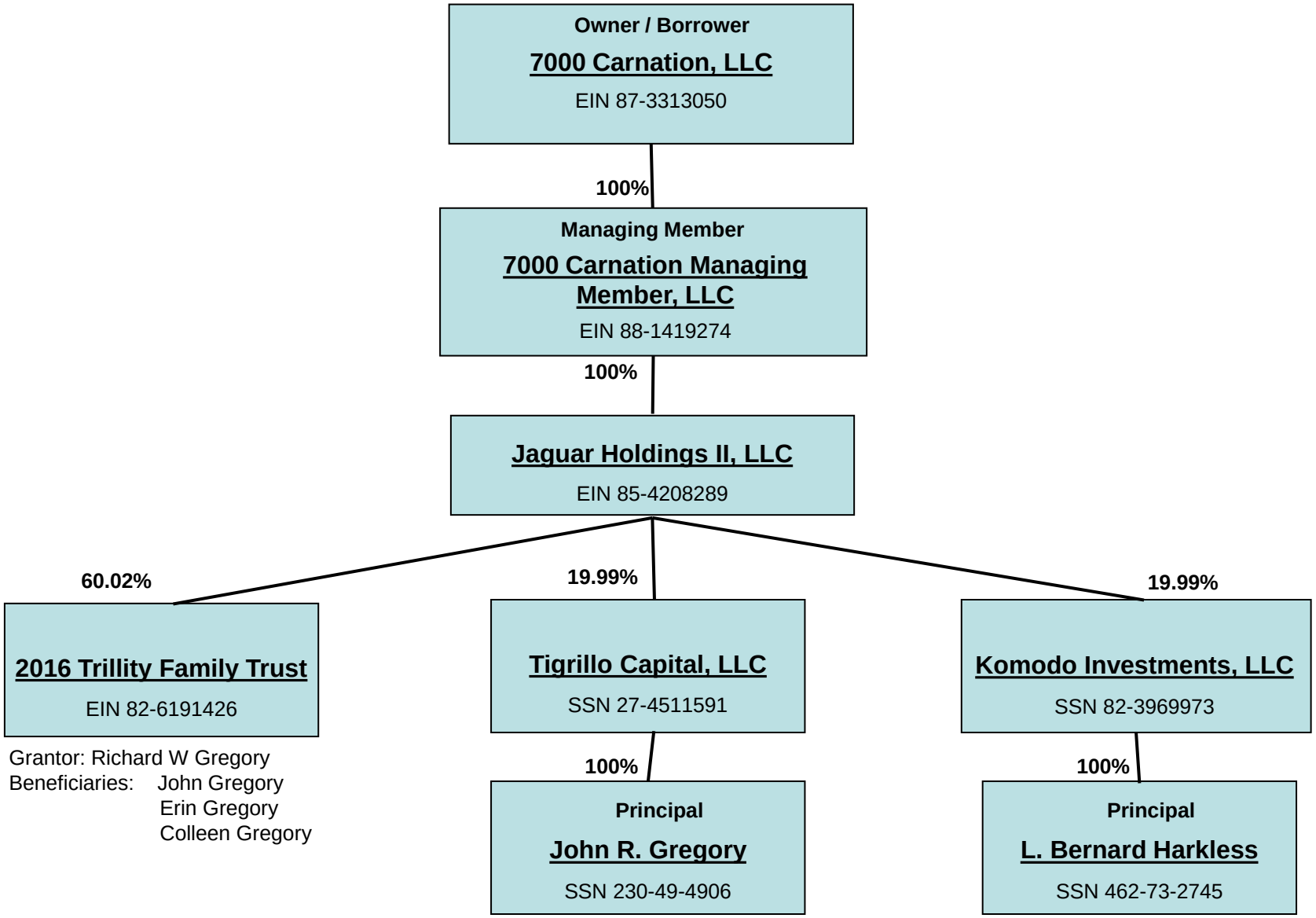
7000 Carnation Managing Member, LLC,
a Virginia limited liability company

By:_____
Name: John R. Gregory
Its: Manager

7000 CARNATION, LLC

Current Organizational Structure – as of 12/12/2022

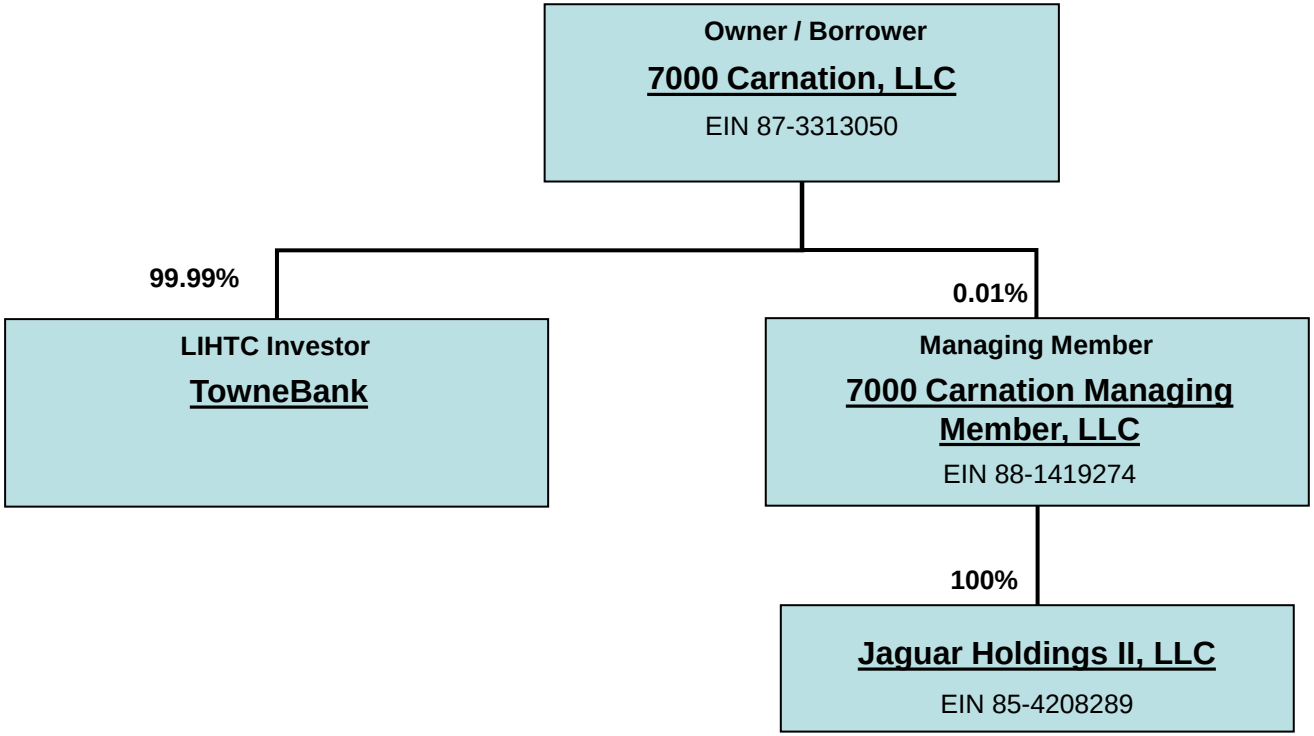
Draft - 12/12/2022



7000 CARNATION, LLC

Anticipated Organizational Structure at Closing

Draft - 12/12/2022



DEVELOPMENT AGREEMENT

THIS DEVELOPMENT AGREEMENT (this "Agreement"), is made as of day of December ___, 2022, between **7000 CARNATION, LLC,** a Virginia limited liability company (the "Company"), and **JH2 DEVELOPMENT, INC.**, a Virginia corporation (the "Developer").

WHEREAS, the Company has been formed to acquire, construct, develop, own, maintain and operate a 218-unit apartment community located on approximately 5.4 acres of land located at 7000 West Carnation Street, Richmond VA 23225 (as defined and described in the Operating Agreement (as defined below) (the "Land")), to be known as 7000 Carnation (the "Housing Complex"), intended to qualify for an allocation of low income housing tax credits ("Tax Credits) pursuant to Section 42 of the Federal Internal Revenue Code of 1986;

WHEREAS, the Company desires to appoint the Developer to provide certain services for the Company with respect to overseeing the development of the Housing Complex until all development work is completed; and

WHEREAS, terms used in this Agreement and not defined shall have the meaning set forth for such terms in the First Amended and Restated Operating Agreement of the Company dated at or near the date of this Agreement (the "Operating Agreement").

N**OW, 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 are hereby acknowledged, it is agreed as follows:

1. Undertaking and Appointment. The Company hereby undertakes and agrees to use its best reasonable efforts to acquire, construct, develop, own, maintain and operate the Housing Complex, and agrees to execute and deliver all contracts, agreements, deeds, deeds of trust and other documents which it deems necessary or desirable to accomplish this purpose. The Company hereby appoints the Developer to render services for the Company, and confirms and ratifies the appointment of the Developer with respect to services rendered for the Company to date, in supervising and overseeing the development of the Housing Complex as herein contemplated. Developer shall use commercially reasonable efforts to assure that development of the Housing Complex is completed in accordance with the budget approved by the Company and shall not materially deviate from the budget or any budgeted item without the consent of the Company.

2. Developer's Authority. The Developer shall have the authority and the obligation to:

    a. select the architect ("Architect"), coordinate the preparation of the plans (the "Plans and Specifications") for the Housing Complex and recommend alternative solutions whenever design details affect construction feasibility or schedules, it being agreed that the Developer has selected, and the Company will engage, **Walter Parks Architect, PLLC**, as Architect;

b. ensure that the Plans and Specifications, which shall be subject to the Company's approval, and which approval will not be delayed or withheld unreasonably, are in compliance with applicable codes, laws, ordinances, rules and regulations;

c. negotiate all necessary contracts and subcontracts for the construction of the Housing Complex, which shall be subject to the Company's approval, and which approval will not be delayed or withheld unreasonably, it being agreed between the parties that the Company will engage **L.F. Jennings, Inc.** as general contractor (the "General Contractor") for construction of the Housing Complex;

d. choose the products and materials necessary to equip the Housing Complex in a manner which satisfies the requirements of the Plans and Specifications;

e. develop a construction budget and monitor disbursement and payment of amounts owed the Architect, the engineers, the General Contractor, and the subcontractors;

f. ensure that the Housing Complex is constructed free and clear of all mechanics' and materialmen's liens, on time and within the budget established by the Company and the Developer;

g. obtain an Architect's certificate that the work on the Housing Complex is substantially complete;

h. cause the construction of the Housing Complex to be completed in a prompt and expeditious manner, consistent with good workmanship and a reasonable construction schedule approved by the Company, and in compliance with the following:

(1) the Plans and Specifications as they may be amended;

(2) any and all zoning regulations, city ordinances, regulations (including without limitation health, fire and safety regulations), and any and all other requirements of federal, state and local laws, rules, regulations and ordinances applicable to construction of the Housing Complex;

i. cause to be performed in a diligent and efficient manner the following:

(1) construction of the Housing Complex pursuant to the Plans and Specifications, including supervision of any required off-site work installed by others; and

(2) general administration and supervision of construction of the Housing Complex, including but not limited to activities of the General Contractor and its employees and agents, and others employed as to the Housing

Complex in a manner which complies in all respects with the Plans and Specifications;

j. keep, or cause to be kept, accounts and cost records as to the construction of the Housing Complex, and furnish same to the Company;

k. provide, and periodically update, the Housing Complex construction time schedule;

l. investigate and recommend a schedule for purchase by the Company of all materials and equipment requiring long lead time procurement, and expedite and coordinate delivery of such purchases;

m. coordinate the work to complete the Housing Complex in accordance with the objectives as to cost, time and quality, and provide sufficient personnel with authority to achieve such objectives;

n. provide regular monitoring as construction progresses, including construction of off-site facilities by others, identify potential variances between scheduled and probable completion dates, review the schedule for work not started or incomplete, recommend to the Company adjustments in the schedule to meet the probable completion date, provide monthly summary reports of such monitoring, and document all changes in the schedule which are approved by the Company in its reasonable determination;

o. provide regular monitoring of the approved estimate of construction costs;

p. develop and implement a system for review and processing of change orders as to construction of the Housing Complex, with any material change orders being subject to the approval of the Company;

q. establish and implement procedures for expediting the processing and approval of shop drawings; and

r. record the progress of the Housing Complex and all matters delegated to it under this Agreement and submit written progress reports at least monthly to the Company, including the percentage of completion and the number and amounts of change orders and cost records as to the construction.

3. Development Service Fee. For services performed and to be performed under Sections 1 and 2 of this Agreement, the Company agrees to pay the Developer a Development Service Fee ("DSF") in the amount of **$3,000,000**. Payment of the DSF shall accrue proportionally as the Developer renders its services hereunder, according to the schedule set forth below. Except for that part of the DSF not yet earned, the DSF shall be payable upon the later of (a) the Company obtaining Certificates of Occupancy, or (b) the time the Company has the funds available to pay the DSF or a part thereof, from (1) capital contributions of its

members, (2) construction or permanent loan proceeds, or (3) such other grants or funds that are received by the Company, and there are otherwise sufficient funds to pay all costs of acquiring, constructing and equipping the Housing Complex. If the Company does not have sufficient funds to pay the entire DSF after receiving all capital contributions of its members and all construction or permanent loan proceeds, and grants and funds, then the remainder of the DSF will be carried by the Company (the "Deferred Developer Fee") payable to the Developer. The Company will pay such amount in full not later **thirteen (13)** years after the date that the Housing Complex has been placed in service. Interest on the Deferred Developer Fee will compound annually at rate equal to the Applicable Federal Rate in effect as of the placed in service date of the Housing Complex.

The DSF shall accrue as follows:

a. fifteen percent (15%) of the DSF shall be earned upon selection of the Architect and execution of the Architect's contract;
b. fifteen percent (15%) of the DSF shall be earned upon selection of the Contractor and the submission of the construction loan application;
c. fifteen percent (15%) of the DSF shall be earned upon the closing of construction loan financing acceptable to the Company;
d. fifteen percent (15%) of the DSF shall be earned upon completion of the Plans and Specifications;
e. thirty percent (30%) of the DSF shall be earned when the Company commences construction of the Housing Complex; and
f. ten percent (10%) of the DSF shall be earned on the date on which certificates of occupancy or substantial completion have been issued with respect to each unit in the Housing Complex.

Nothing herein shall be construed to entitle the Developer to the entire DSF unless and until all obligations of the Developer are performed in accordance with the terms hereof.

4. Successors and Assigns. This Agreement shall be binding on the parties hereto, their heirs, successors, and assigns. The Developer shall have the right to assign its rights and obligations hereunder to a wholly owned subsidiary, and upon such assignment and assumption of such rights and obligations, the Developer shall be relieved of any liability hereunder.

5. Attorneys' Fees. In the event either party fails to perform its obligations hereunder, the other party shall be entitled to collect all costs and expenses, including its reasonable attorneys' fees incurred as a result of or in connection with the defaults in addition to damages incurred and all other amounts due hereunder.

6. Termination. Either party shall have the right to terminate this Agreement for cause, upon not less than thirty (30) days' written notice to the other, if the noticed party fails to cure such default within such thirty (30) day period or if the default is not one which can be cured in that time but is susceptible of cure, fails to begin or thereafter to maintain its best

efforts to cure. Upon such notice becoming effective as to a default by the Company, Developer's obligation to provide further services shall terminate immediately, and the Company shall pay the Developer its accrued but unpaid DSF.

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 by any party of any breach of this Agreement shall not operate or be construed to be 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.

[REMAINDER OF PAGE LEFT BLANK; SIGNATURE PAGE FOLLOWS.]

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

COMPANY

7000 CARNATION, LLC,
a Virginia limited liability company

By: 7000 CARNATION MANAGING MEMBER, LLC,
a Virginia limited liability company, its
Managing Member

By: _____
John R. Gregory, II, its Manager

/

DEVELOPER

JH2 DEVELOPMENT, INC.,
a Virginia corporation

By: _____
John Gregory, President

Tab B:

Virginia State Corporation Commission Certification
(MANDATORY)

Commonwealth of Virginia

STATE CORPORATION COMMISSION

Richmond, October 28, 2021

This is to certify that the certificate of organization of

7000 Carnation, 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: October 28, 2021

STATE CORPORATION COMMISSION
Attest:

Clerk of the Commission

Tab C:

Principal's Previous Participation Certification
(MANDATORY)

Virginia Housing

Previous Participation Certification

Development Name: 7000 Carnation
Name of Applicant (entity): 7000 Carnation, LLC
7000 Carnation Managing Member, LLC

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

John Gregory

Printed Name

12/12/2022

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

Tab D:

List of LIHTC Developments (Schedule A)
(MANDATORY)

List of LIHTC Developments (Schedule A)

Development Name: 7000 Carnation

Name of Applicant: 7000 Carnation, LLC

INSTRUCTIONS:

1 **A Schedule A is required for <u>every</u> 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 <u>uncorrected</u> 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 2007 (i.e. for the past 15 years)

4 Use separate pages as needed, for each principal.

Richard Wayne Gregory
Principal's Name:

Controlling GP (CGP) or 'Named' Managing Member of Proposed property?* N (Y or N)

	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	New Manchester Flats IX	New Manchester Flats IX, LLC (804-920-5435)	Y	41	41	12/31/2009	11/23/2010	N
2	Miller Lofts - 500 Stockton St	Miller I & II, LLC (804-920-5435)	Y	104	104	11/24/2014	6/6/17 (rev)	N
3	Miller Lofts - 510 Decatur St	Miller I & II, LLC (804-920-5435)	Y	93	93	5/20/2015	6/6/17 (rev)	N
4	Carlton Views I	Carlton Views I, LLC (804-920-5435)	Y	54	54	12/9/2016	8/14/2017	N
5	Carlton Views II	Carlton Views II, LLC (804-920-5435)	Y	44	44	1/25/2021	7/5/2022	N
6	New Manchester Flats V-4	New Manchester Flats V-4, LLC (804-920-5435)	Y	104	104	11/20/2020	9/28/2021	N
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* Must have the ability to bind the LIHTC entity; document with partnership/operating agreements and <u>one 8609</u> (per entity/development) for a total of 6.

1st PAGE TOTAL: 440 440 100%

LIHTC as % of Total Units

ADD ADDITIONAL PROPERTIES USING NEXT TAB

List of LIHTC Developments (Schedule A)

Development Name: 7000 Carnation

Name of Applicant: 7000 Carnation, LLC

INSTRUCTIONS:

1. **A Schedule A is required for <u>every</u> 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 <u>uncorrected</u> 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 2007 (i.e. for the past 15 years)
4. Use separate pages as needed, for each principal.

John Richard Gregory
Principal's Name:

Controlling GP (CGP) or 'Named' Managing Member of Proposed property?* Y (Y or N)

	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	Miller Lofts - 500 Stockton St	Miller I & II, LLC (804-920-5435)	Y	104	104	11/24/2014	6/6/17 (rev)	N
2	Miller Lofts - 510 Decatur St	Miller I & II, LLC (804-920-5435)	Y	93	93	5/20/2015	6/6/17 (rev)	N
3	Carlton Views I	Carlton Views I, LLC (804-920-5435)	Y	54	54	12/9/2016	8/14/2017	N
4	Carlton Views II	Carlton Views II, LLC (804-920-5435)	Y	44	44	1/25/2021	7/5/2022	N
5	New Manchester Flats V-4	New Manchester Flats V-4, LLC (804-920-5435)	Y	104	104	11/20/2020	9/28/2021	N
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* Must have the ability to bind the LIHTC entity; document with partnership/operating agreements and <u>one 8609</u> (per entity/development) for a total of 6.

1st PAGE TOTAL: 399 399 100%

LIHTC as % of Total Units

ADD ADDITIONAL PROPERTIES USING NEXT TAB

List of LIHTC Developments (Schedule A)

Development Name: 7000 Carnation

Name of Applicant: 7000 Carnation, LLC

INSTRUCTIONS:

1. **A Schedule A is required for <u>every</u> 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 <u>uncorrected</u> 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 2007 (i.e. for the past 15 years)
4. Use separate pages as needed, for each principal.

Principal's Name: Lawrence Bernard Harkless

Controlling GP (CGP) or 'Named' Managing Member of Proposed property?* N (Y or N)

	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	Carlton Views II	Carlton Views II, LLC (804-920-5435)	Y	44	44	1/25/2021	7/5/2022	N
2	New Manchester Flats V-4	New Manchester Flats V-4, LLC (804-920-5435)	Y	104	104	11/20/2020	9/28/2021	N
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* Must have the ability to bind the LIHTC entity; document with partnership/operating agreements and <u>one 8609</u> (per entity/development) for a total of 6.

1st PAGE TOTAL: 148 148 100% **LIHTC as % of Total Units**

ADD ADDITIONAL PROPERTIES USING NEXT TAB

Tab E:

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

LEASE OPTION AGREEMENT

THIS LEASE OPTION AGREEMENT ("Option"), made this 14th day of December, 2022, between **7000 CARNATION ACQUISITION, LLC**, a Virginia limited liability company, hereinafter called the "Landlord" or "Lessor," and **7000 CARNATION, LLC**, a Virginia limited liability company, hereinafter called the "Tenant" or "Lessee."

WITNESSETH THAT:

WHEREAS, Lessor holds fee simple title to certain real estate located at 7000 W. Carnation Street, Richmond, Virginia, Virginia, more particularly described on Exhibit A attached hereto and made a part hereof the "Property"); and

WHEREAS, Lessee desires an option to ground lease from Lessor the Property and construct on the Property a multi-family apartment complex primarily for persons of low or moderate income (the "Project") and may include other commercial, retail or community uses on the Property; and

WHEREAS, Lessor is willing to grant the option on the terms hereafter set forth; and

WHEREAS, the Lessee desires to obtain an allocation of federal low income housing tax credits ("Tax Credits") for the Project from Virginia Housing, also known as Virginia Housing Development Authority ("VHDA"); and

WHEREAS, Lessor and Lessee enter into this Option to provide the Lessee with the right to ground lease the Property and to memorialize the terms on which the parties will enter into such Ground Lease.

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

1. **Duration of Option**: This Option creates a binding contract requiring Lessor to ground lease the Property to Lessee in the event Lessee exercises the option during the period commencing on the date hereof and ending on June 30, 2023 (the "Option Period"). In the event the Lessee shall not have exercised the Option by June 30, 2023, this Option shall on that date then terminate. At all times during the Option Period, Lessee, its agents, contractors, engineers, surveyors, attorneys, representatives and employees shall have the right, at its sole cost and expense, at any time and from time to time to conduct such due diligence investigations as Lessee may deem appropriate and, in connection therewith, shall have the right to, enter into or upon the Property to

conduct and make any and all studies, tests, examinations, inspections and investigations of or concerning the Property (including, without limitation, engineering studies, soil tests, surveys, including topographical surveys and environmental assessments) and to confirm any and all matters which Lessee may desire to confirm with respect to the Property. Lessee agrees to hold harmless, protect, defend, and indemnify, and hereby releases Lessor, its employees, commissioners, agents and representatives from and against any and all claims, demands, causes of action, losses, liabilities, liens, encumbrances, costs, or expenses for property damage or bodily injury (including death) (collectively, "Liabilities") arising out of, connected with, or incidental to activities conducted on the Property by Lessee, its agents, representatives or contractors; provided, however, the preceding obligation of Lessee shall not apply to any Liabilities arising out of, connected with, or incidental to, in whole or in part, (1) pre-existing conditions of the Property, (2) the information generated by or from Lessee's due diligence investigations, to include, without limitation, response costs, regulatory action, tort claims, or diminution in the value of the Property, and/or (3) the negligent, reckless, or willful act(s) or omission(s) of Lessor. Lessee shall at its sole cost and expense, repair any damage to the Property resulting from Lessee's activities.

2. **Exercise of Option**: This Option may be exercised by Lessee's delivering to Lessor a written notice expressly exercising the Option before the expiration of the Option Period. Upon receipt of such notice, Lessor will prepare and present to Lessee a ground lease (the "Ground Lease"), so as to have such contract fully executed by both parties. The Ground Lease will have a term of ninety-nine (99) years. The Option is irrevocable for the duration of the Option Period. The Option will expire if the notice of exercise is not delivered to Lessor before the end of the Option Period. If the option is exercised, the consideration for the lease of the Property shall One Hundred Dollars and No Cents ($100.00), unless the Lessee and Lessor agree to another payment of rent under a ground lease.

3. **Option Payment**: Lessee has paid Lessor the sum of $100.00 in consideration for this Option. Upon execution of a Ground Lease, the $100.00 option money will be credited against the Lessee's first payment due under the Ground Lease. The option money shall be returned to Lessee if the failure to enter into a Ground Lease is not the choice or fault of the Lessee.

4. **Lessor's right during Option Period**. During the Option Period the Lessor shall have the right to use the Property, or permit any other person or entity to use the Property, for any purpose not inconsistent with the rights of Lessee hereunder. Lessor agrees that, at all times during the Option Period, it shall not use the Property, or allow the Property to be used, in any way that would further degrade the environmental condition of the Property or otherwise materially increase Lessee's cost to develop the Project. Lessor covenants and agrees that, until the expiration of the Option Period, Lessor will not market, lease, sell or convey the Property or any part thereof to any other party, it being understood that Lessee shall have the exclusive rights to lease the Property from Lessor until the expiration of the Option Period or the Lessee's exercise of this Option.

5. **Terms of Ground Lease.** The parties agree that the following constitute the material terms to be included in the Ground Lease:

a. The Ground Lease shall have a term of ninety-nine (99) years, as set forth in Section 2 above.

b. The commencement date of the Ground Lease shall be the earlier of (i) the date established by Lessee at the time of exercise of its Option hereunder, or (ii) December 31, 2023, upon which date Lessor shall deliver exclusive possession of the Property to Lessee.

c. The rent for the Ground Lease shall be in the total amount of Two Hundred Fifty Thousand and No/100 Dollars ($250,000.00 annually to be paid as follows:

    a. One Hundred Seventy-Five Thousand and No/100 Dollars ($175,000.00) in base rent annually; and

    b. Seventy-Five Thousand and No/100 Dollars ($75,000.00) in additional rent annually.

d. Lessor agrees to deliver the Property on the commencement date of the Ground Lease with good and marketable title, free of tenancies (other than as created by the Ground Lease) and free of monetary liens.

e. Lessee shall own all buildings and other depreciable improvements (the "Improvements") constructed on the Property by Lessee, title to which shall automatically convey to the Lessor upon expiration or earlier termination of the Ground Lease.

f. The Ground Lease shall contain such terms as may be required by VHDA, or customarily required by senior leasehold lenders such as Freddie Mac, Fannie Mae, or HUD-FHA, and/or are customarily required by tax credit investors, which may require a subordination of certain payments related to the ground lease among other requirements.

g. The Ground Lease shall contain such terms as may be required to comply with Section 42 of the Internal Revenue Code, and such terms as are customarily required by commercial lenders providing financing where the payment obligation is secured by a leasehold interest.

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

a. The Property shall not be used for industrial purposes but shall be used for residential and commercial purposes only.

b. There shall not be effected or executed any agreement, lease, covenant, conveyance or other instrument whereby the sale, lease or occupancy of the Property is restricted upon the basis of race, creed, color, religion, sex, national origin, disability or familial status.

c. The Lessee shall comply with all State and local laws, in effect from time to time, prohibiting discrimination or segregation by reason of race, creed, color, religion, sex, national origin, disability or familial status in the sale, lease, or occupancy of the Property.

d. The Lessee agrees on behalf of itself, its successors and assigns, not to discriminate upon the basis of race, creed, color, religion, sex, national origin, disability or familial status in the sale, lease, rental, use or occupancy of the Property or any improvements thereon. This covenant being given for the benefit of the public, the United States is expressly recognized as a beneficiary thereof and is entitled to enforce it for its own benefit or that of the public.

f. The construction of, and finishes to, and amenities available to each residential unit in the Project shall be of the same quality.

i. The Lessee agrees, on behalf of itself, its successors and assigns, that all buildings located on the Property and their appurtenant premises will be maintained in a sound condition and neat appearance. Necessary repairs, maintenance and upkeep will be performed so as to preserve the attractive appearance, the physical integrity and the sanitary and safe condition of the buildings. Upon default in such repairs, maintenance or upkeep, Lessee, and its successors and assigns, agree that the necessary repairs, maintenance and upkeep may be done by Lessor at the expense of Lessee, or its successors and assigns, from time to time and in keeping with this covenant.

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

If to Lessor:

7000 Carnation Acquisition, LLC

Attention: John Gregory
Lynx Ventures, Inc
7 East 2nd Street
Richmond, Virginia 23224

With a copy to: Klein Hornig LLP
1325 G Street NW, Suite 700
Washington, D.C., 20005
Attn: Erik T. Hoffman, Esq.

If to Lessee:

With a copy to: 7000 Carnation, LLC
Attention: John Gregory
Lynx Ventures, Inc
7 East 2nd Street
Richmond, Virginia 23224

With a copy to: Klein Hornig LLP
1325 G Street NW, Suite 700
Washington, D.C., 20005
Attn: Erik T. Hoffman, Esq.

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

9. **Recordation of Option**: This Option or a memorandum of the terms hereof may be recorded by the Lessor or the Lessee in the land records of the City of Richmond.

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

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

LESSOR:

7000 Carnation Acquisition, LLC,
a Virginia limited liability company

By: Jaguar Holdings II, LLC,
its sole member

By: _____
Name: John R. Gregory, II
Title: Manager

COMMONWEALTH OF VIRGINIA
CITY OF RICHMOND to-wit:

I, Carmen Mullins, a Notary Public in and for the City aforesaid, in the Commonwealth of Virginia, whose commission expires on the 30 day of September, 2024, do hereby certify that John R. Gregory, II, whose name is signed as such to the foregoing writing bearing date of the 14 day of December, 2022, has acknowledged the same before me in my City and State.

Given under my hand this 15 day of December, 2022.

CARMEN MULLINS
NOTARY PUBLIC
REG # 352193
MY COMMISSION EXPIRES
09/30/2024
COMMONWEALTH OF VIRGINIA

_____
Notary Public

LESSEE:

7000 Carnation, LLC,
a Virginia limited liability company

By: 7000 Carnation Managing Member, LLC,
its sole member

By: Jaguar Holdings II, LLC,
its sole member

By: _____
Name: John R. Gregory II
Title: Manager

COMMONWEALTH OF VIRGINIA
CITY OF RICHMOND to-wit:

I, Carmen Mullins, a Notary Public in and for the City aforesaid, in the Commonwealth of Virginia, whose commission expires on the 30 day of September, 2024, do hereby certify that John R. Gregory, II whose name is signed as such to the foregoing writing bearing date of the 14 day of December, 2022, has acknowledged the same before me in my City and State.

Given under my hand this 15 day of December, 2022.

CARMEN MULLINS NOTARY PUBLIC REG # 352193 MY COMMISSION EXPIRES 09/30/2024 COMMONWEALTH OF VIRGINIA

_____
Notary Public

EXHIBIT A

Legal Description

ALL that certain parcel of land located on the east side of Hioaks Road, described as Lot 2, Section I, Office Park Beaufont Oaks Community, containing 5.393 acres, all as shown on plat of survey made by Graham Land Surveying, dated June 26, 1987 entitled "Re-Subdivision of Lot 2 Beaufont Oaks Community, Section 1, Richmond, VA", a copy of said plat is recorded in the Clerk's Office, circuit Court, City of Richmond, Virginia in Plat Book 38, page 38, reference to which plat is hereby made for a more particular description of the property; also said property being more fully described on City of Richmond Tax Map Reference Number C005-0776/004.

BEING a part of the same property conveyed to 7000 Carnation Acquisition, LLC, a Virginia limited liability company, by deed from FW Properties II, LLC, a Virginia limited liability company dated October 12, 2021, recorded October 15, 2021 in the Clerk's Office, Circuit Court, City of Richmond, Virginia as Instrument No. 210029726.

EXHIBIT B

Tax Assessment

Property: 7000 W Carnation St **Parcel ID:** C0050776004

Parcel

Street Address:	7000 W Carnation St Richmond, VA 23225-
Alternate Street Addresses:	575 Hioaks Road
:	475 Hioaks Road
Owner:	7000 CARNATION ACQUISITION LLC
Mailing Address:	7 E 2ND ST, RICHMOND, VA 23224-4253
Subdivision Name :	BEAUFONT OAKS
Parent Parcel ID:	
Assessment Area:	168 - Beaufont Hills North
Property Class:	101 - R Single Family Vacant (R1-R7)
Zoning District:	R-3 - Residential (Single Family)
Exemption Code:	-

Current Assessment

Effective Date:	01/01/2022
Land Value:	$1,175,000
Improvement Value:	
Total Value:	$1,175,000
Area Tax:	$0
Special Assessment District:	None

Land Description

Parcel Square Feet:	234919.078
Acreage:	5.393
Property Description 1:	BEAUFONT OAKS COMM L2 S1
Property Description 2:	0678.87X0261.73 IRG0005.393 AC
State Plane Coords(?):	X= 11765959.500023 Y= 3710761.939575
Latitude:	37.50962426 , **Longitude:** -77.52435844

Description

Land Type:	Homesite
Topology:	
Front Size:	678
Rear Size:	261
Parcel Square Feet:	234919.078
Acreage:	5.393
Property Description 1:	BEAUFONT OAKS COMM L2 S1
Property Description 2:	0678.87X0261.73 IRG0005.393 AC
Subdivision Name :	BEAUFONT OAKS
State Plane Coords(?):	X= 11765959.500023 Y= 3710761.939575
Latitude:	37.50962426 , **Longitude:** -77.52435844

Other

Street improvement:	
Sidewalk:	

Assessments

Assessment Year	Land Value	Improvement Value	Total Value	Reason
2023	$1,175,000	$0	$1,175,000	Reassessment
2022	$1,175,000	$0	$1,175,000	Reassessment
2021	$1,175,000	$0	$1,175,000	Reassessment
2020	$1,175,000	$0	$1,175,000	Reassessment
2019	$1,175,000	$0	$1,175,000	Reassessment
2018	$1,175,000	$0	$1,175,000	Reassessment
2017	$1,175,000	$0	$1,175,000	Reassessment
2016	$1,175,000	$0	$1,175,000	Reassessment
2015	$1,175,000	$0	$1,175,000	Reassessment
2014	$1,175,000	$0	$1,175,000	Reassessment
2013	$1,175,000	$0	$1,175,000	Reassessment
2012	$1,175,000	$0	$1,175,000	Reassessment
2011	$1,175,000	$0	$1,175,000	CarryOver
2010	$1,175,000	$0	$1,175,000	Reassessment
2009	$1,175,000	$0	$1,175,000	Reassessment
2008	$1,175,000	$0	$1,175,000	Reassessment
2007	$724,300	$0	$724,300	Reassessment
2006	$724,300	$0	$724,300	Reassessment
2005	$676,900	$0	$676,900	Reassessment
2004	$621,000	$0	$621,000	Reassessment
2003	$621,000	$0	$621,000	Reassessment
2002	$540,000	$0	$540,000	Reassessment
1998	$540,000	$0	$540,000	Not Available

Transfers

Transfer Date	Consideration Amount	Grantor Name	Deed Reference	Verified Market Sale Description
10/15/2021	$525,000	FW PROPERTIES II LLC	ID2021-29726	2 - INVALID SALE-Foreclosure, Forced Sale, etc.
02/04/1998	$0	Not Available	09800-3132	
03/10/1993	$0	Not Available	000026-00078	

Planning

Master Plan Future Land Use: D-MU
Zoning District: R-3 - Residential (Single Family)
Planning District: Midlothian
Traffic Zone: 1163
City Neighborhood Code: HOKS
City Neighborhood Name: Hioaks
Civic Code:
Civic Association Name:
Subdivision Name: BEAUFONT OAKS
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	2000	0710012	071001
1990	406	0710984	071098

Schools

Elementary School: Southampton
Middle School: Brown
High School: Huguenot

Public Safety

Police Precinct: 3
Police Sector: 312
Fire District: 23
Dispatch Zone: 179D

Public Works Schedules

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

Government Districts

Council District: 9
Voter Precinct: 908
State House District: 77
State Senate District: 15
Congressional District: 4

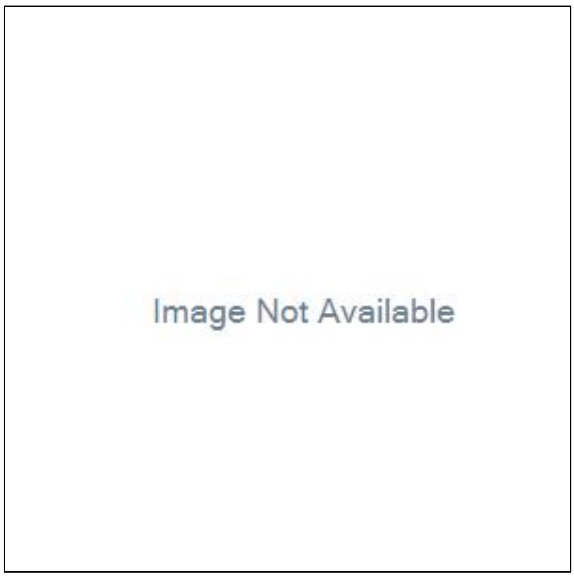
Property Images

Name:C0050776004 Desc:

Click here for Larger Image

Sketch Images

Name: Desc:



Tab F:

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 perfomance 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 documention 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 Virginia Housing.

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 Virginia Housing 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 Virginia Housing 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 Virginia Housing.

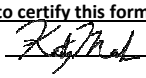
FALSE **Earthcraft Certification -** The development's design meets the criteria to obtain EarthCraft Multifamily program Gold certification or higher

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: 

Date: 12/14/22 **Printed Name:** Sean Shanley

RESNET Rater

Resnet Provider Agency
Viridiant **Signature** 

Provider Contact and Phone/Email (804) 212-1934, sean.shanley@viridiant.org

Tab G:

Zoning Certification Letter (MANDATORY)

Kimley»Horn

December 16, 2022

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

RE: Zoning Certification

Name of Development: 7000 Carnation

Name of Owner/Applicant: Lynx Ventures, Inc.

Name of Seller/Current Owner: 7000 Carnation Acquisition, 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 (VHDA) solely for the purpose of determining whether the Development qualifies for credits available under VHDA's Qualified Allocation Plan.

DEVELOPMENT DESCRIPTION:

Development Address: 7000 Carnation Street; Richmond, VA 23225

Legal Description: Parcel ID C0050776004

Proposed Improvements

Check Project Type		# of Units	# of Buildings	Approx. Total Floor Area (SF)
☒	New Construction	218	2	174,290
☐	Adaptive Reuse			
☐	Rehabilitation			

Current Zoning: Community Unit Plan which allows a density of N/A units per acre, and the following other applicable conditions: 218 units per the revised Community Unit Plan adopted by City Council on July 25th, 2022 (CUP-101458-2021; Ordinance 2022-190.)

Other Descriptive Information: N/A

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.

Local Official Signature

MARK BOYD

Printed Name

SENIOR PROJECT MANAGER

Title

12/16/2022

Date

Affordable and Special Needs Housing Application
Zoning Certification Form

Project Name: 7000 Carnation

Applicant Organization Name: Lynx Ventures, Inc.

Name of Seller/Current Owner: 7000 Carnation Acquisition, LLC

The above-referenced owner/applicant has asked this office to complete this form regarding the zoning of the proposed development more fully described below. This certification is rendered solely for the purpose of confirming the proper zoning for the site of the development Project. It is understood that the Virginia Department of Housing and Community Development will use this certification solely for the purpose of evaluating the Applicant's funding request for the Project.

PROJECT DESCRIPTION:

Project Address: 7000 W Carnation St, Richmond VA 23225

Project Legal Description: Parcel ID C0050776004

Proposed Improvements			
	Check Project Type	**# Units**	**# Buildings**
✔	New Construction	218	2
	Adaptive Reuse		
	Rehabilitation		

TO BE COMPLETED BY LOCAL OFFICIAL:

Current Zoning of the Projects is Community Unit Plan , which allows a density of n/a units per acre, and the following other applicable conditions: 218 units per the revised Community Unit Plan adopted by City Council on July 25th, 2022 (CUP-101458-2021; Ordinance 2022-190)

Other descriptive information:

Check one of the following as appropriate:

☑	The proposed development above is consistent with existing zoning requirements applicable to the site. 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 proposed development 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 permits are required.

Kevin J. Vonck

Local Official Signature

Kevin J. Vonck

Printed Name

Director, Planning and Development Review

Title

25 October 2022

Date

Tab H:

Attorney's Opinion (MANDATORY)

101 Arch Street
Suite 1101
Boston, MA 02110
T 617.224.0600
F 617.224.0601

1325 G Street NW
Suite 770
Washington, DC 20005
T 202.926.3400
F 202.926.3401

Klein Hornig LLP
COUNSELORS AT LAW

December 15, 2022

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

Re: 2022 Tax Credit Reservation Request

Name of Development: 7000 Carnation
Name of Owner: 7000 Carnation, LLC

Dear Ladies and 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 December 12, 2022 (of which this opinion is a part) (the "Application") submitted to you for the purpose of requesting, in connection with the captionedDevelopment, a reservation of low income housing tax credits ("Credits") available under Section 42 of theInternal Revenue Code of 1986, as amended (the "Code"). It has also reviewed Section 42 of the Code, theregulations issued pursuant thereto and such other binding authority as it believes to be applicable to the issuancehereof (the regulations and binding authority hereinafter collectively referred to as the "Regulations").

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

1. It is more likely than not that the inclusion in eligible basis of the Development of such cost items or portions thereof, as set forth in the Hard Costs and Owners Costs section of the Application form, complies with all applicable requirements of the Code and Regulations.

2. The calculations (a) of the Maximum Allowable Credit available under the Code with respectto the Development and (b) of the Estimated Qualified Basis of each building in the Development comply with all applicable requirements of the Code and regulations, including the selection of credit type implicit in such calculations.

3. The information set forth in the Unit Details section of the Application form as to proposedrents satisfies all applicable requirements of the Code and Regulations.

4. The site of the captioned Development is controlled by the Owner, as identified in the SiteControl section of the Application.

Finally, the undersigned is of the opinion that, if all information and representations contained in the Application and all current law were to remain unchanged, upon the placement in service of each building of the Development, the Owner would be eligible under the applicable provisions of the Code and the Regulations to anallocation 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 tosupport the promotion or marketing of the transaction or matters addressed herein.

KLEIN HORNIG LLP

By: _____
Erik T. Hoffman

Its: Partner

Tab K:

Documentation of Development Location:

Tab K.1

Revitalization Area Certification

INTRODUCED: April 11, 2022

A RESOLUTION No. 2022-R023

To designate the property known as 7000 West Carnation Street as a revitalization area pursuant to Va. Code § 36-55.30:2.

Patron – Mayor Stoney (By Request)

Approved as to form and legality
by the City Attorney

PUBLIC HEARING: APR 25 2022 AT 6 P.M.

WHEREAS, pursuant to section 36-55.30:2 of the Virginia Housing Development Authority Act (the "Act"), as set forth in sections 36-55.24 through 36-55.52 of the Code of Virginia (1950), as amended, the governing bodies of localities may by resolution designate an area within such locality as a revitalization area for the purpose of facilitating financing by the Virginia Housing Development Authority to assist private entities with the development of mixed use and mixed income projects; and

WHEREAS, pursuant to the Act, in order to designate an area as a revitalization area, the local governing body must determine that, with respect to such area, (i) the industrial, commercial or other economic development of such area will benefit the city but such area lacks the housing needed to induce manufacturing, industrial, commercial, governmental, educational,

AYES: 8 NOES: 0 ABSTAIN: _____

ADOPTED: APR 25 2022 REJECTED: _____ STRICKEN: _____

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; and

WHEREAS, the Council believes that the property known as 7000 West Carnation Street, identified as Tax Parcel No. C005-0776/004 in the 2022 records of the City Assessor and as shown on the survey entitled "ALTA/NSPS Land Title Survey of 5.393 Acres of Land Lying on the Northeast Corner of Carnation and Hioaks Road, City of Richmond, Virginia," prepared by JenningStephenson P.C., and dated February 26, 2021, a copy of which is attached to this resolution, is an area (i) for which the industrial, commercial or other economic development of such area will benefit the city 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) in which 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; and

WHEREAS, the Council believes that it is in the best interests of the citizens of the City of Richmond that the Council designate the aforementioned property as a revitalization area pursuant to section 36-55.30:2 of the Code of Virginia (1950), as amended;

NOW, THEREFORE,

BE IT RESOLVED BY THE COUNCIL OF THE CITY OF RICHMOND:

That the Council hereby designates the property known as 7000 West Carnation Street, identified as Tax Parcel No. C005-0776/004 in the 2022 records of the City Assessor and as shown on the survey entitled "ALTA/NSPS Land Title Survey of 5.393 Acres of Land Lying on the Northeast Corner of Carnation and Hioaks Road, City of Richmond, Virginia," prepared by JenningStephenson P.C., and dated February 26, 2021, a copy of which is attached to this resolution, as a revitalization area pursuant to section 36-55.30:2 of the Code of Virginia (1950), as amended.

BE IT FURTHER RESOLVED:

That the Council hereby determines that the industrial, commercial or other economic development of the area consisting of the aforementioned property will benefit the city, but that 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.

BE IT FURTHER RESOLVED:

That the Council hereby determines that the aforementioned property consists of an area in which 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.

A TRUE COPY:
TESTE:

City Clerk

RECEIVED
By B L Fore at 2:05 pm, Apr 07, 2022

RECEIVED
By CAO Office at 1:50 pm, Mar 15, 2022

CITY OF RICHMOND
INTRACITY CORRESPONDENCE

O&R REQUEST

DATE: March 14, 2022 **EDITION:** 1

TO: The Honorable Members of City Council

THROUGH: The Honorable Levar M. Stoney, Mayor

THROUGH: J.E. Lincoln Saunders, Chief Administrative Officer

THROUGH: Sharon L. Ebert, Deputy Chief Administrative Officer, Economic Development and Planning

FROM: Sherrill Hampton, Director
Department of Housing and Community Development

RE: Designating the 5.393-acre site at 7000 West Carnation Street, as a Revitalization Area according to Virginia Code §36-55.30:2.A to secure Virginia Housing (formerly VHDA) financing for the 218-unit multifamily development serving low-income individuals and families.

ORD. OR RES. No. _____

PURPOSE: To request a resolution from City Council designating the 5.393-acre site at 7000 West Carnation Street as a Revitalization Area under Virginia Code §36-55.30:2.A to secure Virginia Housing financing for the development of a 218-unit multifamily development serving low-income individuals and families.

REASON: Lynx Ventures, Inc. is seeking 4% housing tax credits to finance the development of 218 high-quality newly constructed units.

RECOMMENDATION: Approval is recommended, contingent upon the approval of the amendment to the Beaufont Oaks Community Unit Plan (CUP).

BACKGROUND: The proposed development at 7000 West Carnation Street will be developed under the conditions and requirements outlined in the Beaufont Oaks Community Unit Plan (CUP). The applicant is currently seeking approval of an amendment to this CUP, to allow the development of the 218 multifamily residential units and accessory uses. At the writing of this O&R, Senior Planner, Richard Saunders, is reviewing the comment responses and second plan submittal for the CUP amendment.

The development will provide 218 multifamily units with seventy-four (74) or 34% of the units restricted to persons earning 50% of the area median income (AMI). The site includes two (2) buildings both of which are four (4) stories in height. One (1) of the buildings referred to as the South Building is an L-shaped structure at the corner of Hioaks Road and West Carnation Street. The second building referred to as the North Building only fronts on Hioaks Road. The accessory off-street parking is tucked behind the buildings and not visible from Hioaks Road. A small portion of the surface lot is visible along the West Carnation Street frontage. Walter Park Architects designed the architectural façade of the buildings to feature modular bricks, fiber cement panels, low maintenance accent siding, and wood with Energy Star windows.

The development will include an on-site leasing office, outdoor amenity space, which includes a swimming pool, dog park, community room, fitness center, long-term interior bike storage, an oversized secure package and mailroom, and eight (8) electric vehicle (EV) charging stalls. In addition, the development will provide an in-unit washer and dryer. Twenty-two (22) or 10% of the units will be universally designed and fully accessible and will be marketed to persons with disabilities.

The housing development will be located across the street from Chippenham Hospital and other medical offices and practices (e.g., dentist, physical therapy, pediatrics, women's center, cardiovascular practice, mental health counseling). It will also be within walking distance to two (2) full-service grocery stores (Food Lion at 0.9 miles and Kroger at 1.5 miles away). In addition, this development will be within walking/cycling distance to many employers such as the hospital and numerous businesses along Midlothian Turnpike. The Southside Community Center, public skate park, and the Powhite Park, an 85-acre City park with multi-use trails and green space is within a mile of the proposed development. A GRTC bus stop will also be located along the sidewalk very near the property, which will allow residents easy access to public transportation.

The total project cost is $39,222,553 and will be financed with tax-exempt bonds, tax credit investments, deferred fees, and grants to close the gap. A third-party property management company will be used to provide professional property management and maintenance services. The applicant has identified two (2) companies that are being considered to provide the management services; Dodson Property Management or Drucker + Falk. This will be a 30-year affordable development with all of the units set aside for renters earning between 50%-70% of the area median income (AMI). The development will provide the following unit mix:

Unit Mix

Bedroom(s)	Bathroom(s)	# of Units	Building
1	1	59	North
2	2	9	North
3	2	4	North
Subtotal		**72**	
1	1	116	South
2	2	23	South
3	2	7	South
Subtotal		**146**	
Total		**218**	

This development includes two (2) residential buildings with interior accessory uses interspersed throughout the building. No non-housing buildings are proposed for this development.

The planned development at 7000 West Carnation Street will be located in a Revitalization Area in the City of Richmond, Virginia. The revitalization area currently meets the following condition of (i) (2) the industrial, commercial, or other economic development of such area will benefit the city 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

FISCAL IMPACT/COST: None

FISCAL IMPLICATIONS: No adverse fiscal implications are anticipated.

BUDGET AMENDMENT NECESSARY: No

REVENUE TO CITY: There will be additional revenue to the City as it relates to property taxes.

DESIRED EFFECTIVE DATE: Upon Adoption

REQUESTED INTRODUCTION DATE: April 11, 2022

CITY COUNCIL PUBLIC HEARING DATE: April 25, 2022

REQUESTED AGENDA: Consent

RECOMMENDED COUNCIL COMMITTEE: Land Use, Housing and Transportation

CONSIDERATION BY OTHER GOVERNMENTAL ENTITIES: None

AFFECTED AGENCIES: Housing and Community Development and Planning, Development and Review

RELATIONSHIP TO EXISTING ORD. OR RES.: None

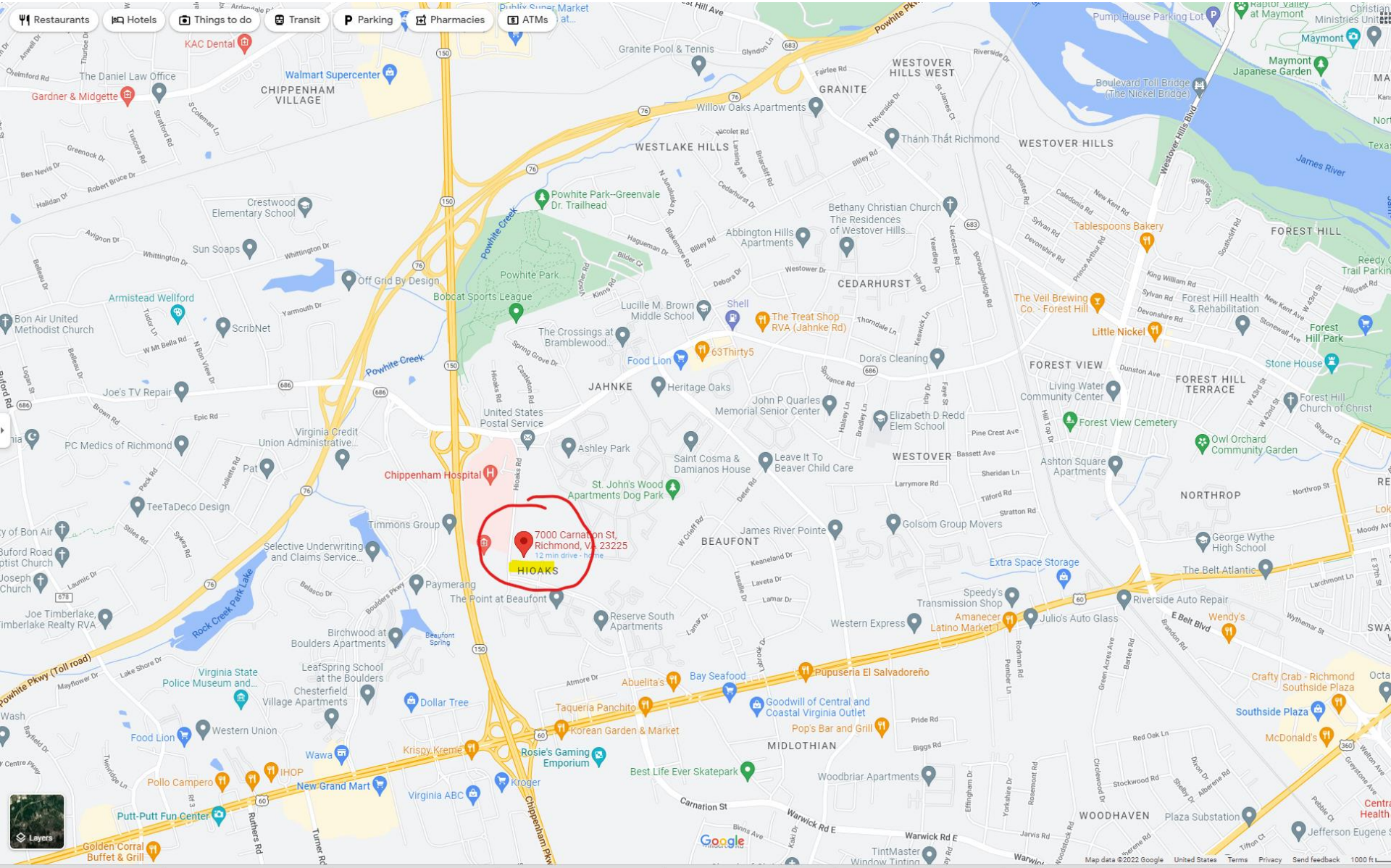
REQUIRED CHANGES TO WORK PROGRAM(S): None

ATTACHMENTS: Alta Land Title Survey; CUP Amendment submitted plans dated February 15, 2022, and prepared by Walter Parks Architect; Preliminary Landscaping and Lighting Plan prepared by Kimley Horn and Associates, Inc. dated February 22, 2022; Markham Planning Comment Response Letter dated February 24, 2022; Support Letter from Councilman Michael Jones; Real Estate Assessor Property Record, and the Virginia Housing Revitalization Fact Sheet.

STAFF: Michelle B. Peters, Deputy Director II – (804) 646-3975

Tab K.2

Location Map


Restaurants
Hotels
Things to do
Transit
Parking
Pharmacies
ATMs
7000 Carnation St, Richmond, VA 23225
12 min drive - home
HIOAKS
CHIPPENHAM VILLAGE
WESTOVER HILLS WEST
GRANITE
WESTLAKE HILLS
WESTOVER HILLS
FOREST HILL
CEDARHURST
JAHNKE
FOREST VIEW
FOREST HILL TERRACE
WESTOVER
NORTHROP
BEAUFONT
MIDLOTHIAN
WOODHAVEN
Powhite Creek
Rock Creek Park Lake
James River
Powhite Pkwy (Toll road)
Chippenham Pkwy
Carnation St
Warwick Rd E
E Belt Blvd
Boulevard Toll Bridge (The Nickel Bridge)
Westover Hills Blvd
Chippenham Hospital
Walmart Supercenter
Willow Oaks Apartments
Thánh Thất Richmond
Granite Pool & Tennis
Powhite Park--Greenvale Dr. Trailhead
Bethany Christian Church
Abbington Hills Apartments
Tablespoons Bakery
Crestwood Elementary School
Sun Soaps
Off Grid By Design
Powhite Park
Bobcat Sports League
Armistead Wellford
Bon Air United Methodist Church
ScribNet
Lucille M. Brown Middle School
Shell
The Treat Shop RVA (Jahnke Rd)
The Crossings at Bramblewood...
Food Lion
63Thirty5
Dora's Cleaning
Heritage Oaks
Joe's TV Repair
PC Medics of Richmond
Virginia Credit Union Administrative...
Pat
TeeTaDeco Design
United States Postal Service
Ashley Park
Saint Cosma & Damianos House
Leave It To Beaver Child Care
John P Quarles Memorial Senior Center
Elizabeth D Redd Elem School
Living Water Community Center
Forest View Cemetery
Owl Orchard Community Garden
Ashton Square Apartments
Forest Hill Church of Christ
Stone House
Forest Hill Park
Little Nickel
The Veil Brewing Co. - Forest Hill
Forest Hill Health & Rehabilitation
St. John's Wood Apartments Dog Park
Timmons Group
Selective Underwriting and Claims Service...
Paymerang
The Point at Beaufont
James River Pointe
Golsom Group Movers
George Wythe High School
Extra Space Storage
The Belt Atlantic
Speedy's Transmission Shop
Riverside Auto Repair
Amanecer Latino Market
Julio's Auto Glass
Wendy's
Western Express
Reserve South Apartments
Birchwood at Boulders Apartments
Joe Timberlake, Timberlake Realty RVA
Virginia State Police Museum and...
LeafSpring School at the Boulders
Chesterfield Village Apartments
Dollar Tree
Abuelita's
Bay Seafood
Pupuseria El Salvadoreño
Taqueria Panchito
Goodwill of Central and Coastal Virginia Outlet
Crafty Crab - Richmond Southside Plaza
Southside Plaza
McDonald's
Pop's Bar and Grill
Korean Garden & Market
Food Lion
Western Union
Wawa
Krispy Kreme
Rosie's Gaming Emporium
Best Life Ever Skatepark
Woodbriar Apartments
Pollo Campero
IHOP
New Grand Mart
Virginia ABC
Kroger
Putt-Putt Fun Center
Golden Corral Buffet & Grill
Plaza Substation
Jefferson Eugene
Layers
Google
Map data ©2022 Google
United States
Terms
Privacy
Send feedback
1000 ft

Tab K.3

Surveyor's Certification of Proximity To Public Transportation

Surveyor's Certification of Proximity to Transportation

DATE: November 29, 2022

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

RE: 2022 Tax Credit Reservation Request
Name of Development: 7000 Carnation Street
Name of Owner: 7000 Carnation Acquisition LLC

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.

COMMONWEALTH OF VIRGINIA
KENNETH R. BLAYLOCK, JR.
Lic. No. 2833
11-29-22
LAND SURVEYOR

JenningStephenson, PC
Firm Name

By: _____

Its: Kenny Blaylock, LS
Title

Tab L:

PHA / Section 8 Notification Letter

PHA or Section 8 Notification Letter

Development Name: 7000 Carnation
Tracking #: TBD

If you have any questions, please call the Tax Credit Department at (804) 343-5518.

General Instructions

1. Because of conflicting program requirements regarding waiting list procedures, this letter is not applicable to those developments that have project based Section 8 or project based vouchers.
2. This PHA or Section 8 Notification letter must be included with the application.
3. 'Development Address' should correspond to I.A.2 on page 1 of the Application.
4. 'Proposed Improvements' should correspond with I.B & D and III.A of the Application.
5. 'Proposed Rents' should correspond with VII.C of the Application.
6. 'Other Descriptive Information' should correspond with information in the application.

NOTE: Any change to this form letter may result in a reduction of points under the scoring system.

PHA or Section 8 Notification Letter

DATE: December 6, 2022

TO: Steven Nesmith
Chief Executive Officer
RRHA

RE: PROPOSED AFFORDABLE HOUSING DEVELOPMENT

Name of Development: 7000 Carnation
Name of Owner: 7000 Carnation, LLC

I would like to take this opportunity to notify you of a proposed affordable housing development to be completed in your jurisdiction. We are in the process of applying for federal low-income housing tax credits from the Virginia Housing Development Authority (VHDA). We expect to make a representation in that application that we will give leasing preference to households on the local PHA or Section 8 waiting list. Units are expected to be completed and available for occupancy beginning on September 1st, 2024 (date).

The following is a brief description of the proposed development:

Development Address:
7000 West Carnation Street, Richmond VA 23225

Proposed Improvements:

■ New Constr.:	218	# units	2	# Bldgs
☐ Adaptive Reuse:		# units		# Bldgs
☐ Rehabilitation:		# units		# Bldgs

Proposed Rents:

☐ Efficiencies:	$	/ month
■ 1 Bedroom Units:	$ 885-1263	/ month
■ 2 Bedroom Units:	$ 1061-1515	/ month
■ 3 Bedroom Units:	$ 1225-1749	/ month
☐ 4 Bedroom Units:	$	/ month

Other Descriptive Information:
178 1-bedrooms, 29 2-bedrooms, and 11 3-bedrooms. Income averaging (1/3 each at 50%,60%, and 70% AMI).
Two new-construction 4-story wood-frame buildings with elevators.
Amenities include pool, fitness center, clubroom, etc.

PHA or Section 8 Notification Letter

10% of units are universal design / 504 accessible.

We appreciate your assistance with identifying qualified tenants.

If you have any questions about the proposed development, please call me at (804)926-5435.

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

Sincerely yours,

John Gregory
Name

Manager - 7000 Carnation, LLC
Title

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

Seen and Acknowledged By: _____

Printed Name: Steven Nesmith

Title: CEO

Phone: 804-780-4023

Date: 12/8/22

Tab M:

Locality CEO Response Letter

Awaiting CEO Response Letter from City of Richmond.

The City is in strong support, and has (a) passed a revitalization designation for the project, (b) awarded $1,744,000 in ARPA grant funds to the project, and (c) created a performance grant rebating 100% of real estate taxes back to the project for 30 years.

Response Letter not yet delivered due to administrative miscommunication.

Tab O:

Plan of Development Certification Letter

Kimley»Horn

December 16, 2022

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

RE: POD Certification

Name of Development: 7000 Carnation

Name of Owner/Applicant: Lynx Ventures, Inc.

Name of Seller/Current Owner: 7000 Carnation Acquisition, LLC

The above referenced project is currently zoned as a Community Unit Plan (CUP.) This CUP was revised to allow the proposed development and adopted by City Council on July 25th, 2022 (CUP-101458-2021; Ordinance 2022-190.) No further zoning approvals, special use permits, or plan of development approvals are required.

Local Official Signature

MARK BOYD
Printed Name

SENIOR PROJECT MANAGER
Title

12/16/2022
Date

Tab P:

Developer Experience documentation and Partnership agreements

Form **8609**
(Rev. December 2008)
Department of the Treasury
Internal Revenue Service

Low-Income Housing Credit Allocation Certification

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)
740 East 6th Street
Richmond, VA 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 Manchester Flats IX, LLC
13 South 15th Street
Richmond, VA 23219
TIN ▸ 26-2363877

D Employer identification number of agency
54-0921892

E Building identification number (BIN)
VA0962001

1a	Date of allocation ▸ 12/18/09 b Maximum housing credit dollar amount allowable.	1b	$477,000
2	Maximum applicable credit percentage allowable	2	9.00%
3a	Maximum qualified basis	3a	$5,300,000
	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	130%
	☐ Building located in the Gulf Opportunity (GO) Zone, Rita GO Zone, or Wilma GO Zone ☐ Section 42(d)(5)(C) high cost area provisions		
4	Percentage of the aggregate basis financed by tax-exempt bonds. (If zero, enter -0-)	4	0.00%
5	Date building placed in service ▸ 12/31/09		

6 Check the boxes that describe the allocation for the building (check those that apply):
a ☐ Newly constructed and federally subsidized b ☐ Newly constructed and **not** federally subsidized c ☐ Existing building
d ☐ Sec. 42(e) rehabilitation expenditures federally subsidized e ☒ Sec. 42(e) rehabilitation expenditures **not** federally subsidized
f ☐ Not federally subsidized by reason of 40-50 rule under sec. 42(i)(2)(E) g ☐ 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] ▸ JAMES M. CHANDLER, AUTHORIZED OFFICER ▸ 11-23-10
Signature of authorized official | Name (please type or print) | Date

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

7	Eligible basis of building (see instructions)	7	5,300,000
8a	Original qualified basis of the building at close of first year of credit period	8a	5,300,000
b	Are you treating this building as part of a multiple building project for purposes of section 42 (see instructions)?	☐ Yes	☑ No
9a	If box 6a or box 6d is checked, do you elect to reduce eligible basis under section (42(i)(2)(B)?	☐ Yes	☐ 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)?	☐ Yes	☐ 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))	☑ Yes	☐ No
b	Elect **not** to treat large partnership as taxpayer (section 42(j)(5))	☐ Yes	
c	Elect minimum set-aside requirement (section 42(g)) (see instructions) ☐ 20-50 ☑ 40-60	☐ 25-60 (N.Y.C. only)	
d	Elect deep rent skewed project (section 142(d)(4)(B)) (see instructions)	☐ 15-40	

Under penalties of perjury, I declare that the above building continues to qualify as a part of a qualified low-income housing project and meets the requirements of Internal Code section 42. I have examined this form and attachments, and to the best of my knowledge and belief, they are true, correct, and complete.

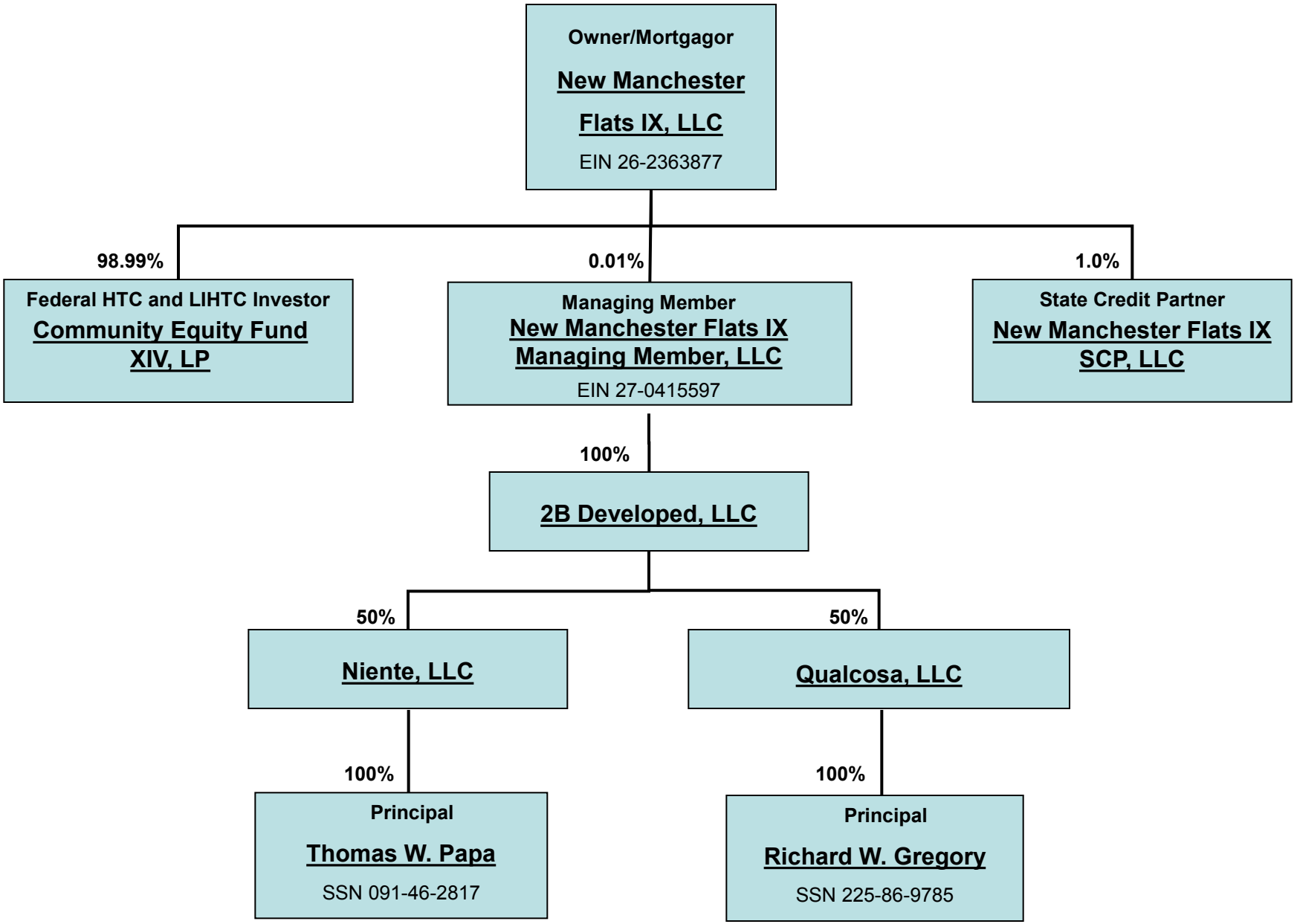
▸ [signature] ▸ 26 2363877 ▸ 4/14/11
Signature | Taxpayer identification number | Date

▸ RICHARD W GREGORY ▸ 2010
Name (please type or print) | Tax year

New Manchester Flats IX, LLC

Organizational Structure at Closing

7/28/2009



OPERATING AGREEMENT

NEW MANCHESTER FLATS IX, LLC

OPERATING AGREEMENT
NEW MANCHESTER FLATS IX, LLC

THIS OPERATING AGREEMENT OF NEW MANCHESTER FLATS IX, LLC (the "***Agreement***") is made and entered into effective as of July 28, 2009, by and among the undersigned parties.

RECITALS

New Manchester Flats IX, LLC (the "***Company***") has been formed as a limited liability company under the Virginia Limited Liability Company Act (the "***Act***"), pursuant to Articles of Organization, dated February 6, 2008, and filed with the Commonwealth of Virginia, State Corporation Commission on February 11, 2008. The Company has been operating pursuant to a Declaration of Operation, dated February 12, 2008, having New Manchester Flats Managing Member, LLC, a Virginia limited liability company, as the sole member.

New Manchester Flats Managing Member, LLC desires to enter into this written agreement amending the Declaration of Operation, dated February 12, 2008, (a) to admit New Manchester Flats IX Managing Member, LLC, a Virginia limited liability company, to the Company as the managing member (the "***Managing Member***"), (b) to acknowledge the transfer and assignment of the interest in the Company held by New Manchester Flats Managing Member, LLC to New Manchester Flats IX Managing Member, LLC, (c) to admit New Manchester Flats IX SCP, LLC, a Virginia limited liability company, to the Company as a member (the "***State Investor Member***"), (d) to admit Community Equity Fund XIV Limited Partnership, a North Carolina limited partnership a North Carolina limited liability company for which Community Affordable Housing Equity Corporation ("***CAHEC***") is the managing member), to the Company as a member (the "***Federal Investor Member***"), and (e) to enter into this written agreement among the members.

In consideration of the mutual promises of the parties hereto, and of other good and valuable consideration, the parties hereto, intending legally to be bound, hereby agree as follows:

Article I
Continuation, Business Purpose, Definitions

1.01 Restatement and Continuation of Company.

Upon execution of this Agreement, New Manchester Flats Managing Member, LLC withdraws as a member of the Company and acknowledges (a) receipt of the return of its Capital Contribution to the Company, (b) that it no longer has any interest in the Company, and (c) that it has no claims in its capacity as a member for any unpaid fees, compensation, or distributions against the Company. Upon execution of this Agreement, New Manchester Flats IX Managing Member, LLC, New Manchester Flats IX SCP, LLC, and Community Equity Fund XIV Limited Partnership are hereby admitted as members of the Company. The Managing Member, the State Investor Member, and the Federal Investor Member, constituting all of the members of the Company (collectively the "***Members***"), hereby enter into this written agreement and continue the Company under the Act.

1.02 Registered Office and Registered Agent.

The Company's initial registered office in the Commonwealth of Virginia is located at 7 East Second Street, City of Richmond, Virginia 23224, which address may be changed from time to time as determined by the Managing Member with Notice to the Federal Investor Member. The name of the initial registered agent at such address is Richard W. Gregory. The Managing Member shall give Notice to the Federal Investor Member of any change in identity of the registered agent.

1.03 Purposes.

The purposes of the Company, which shall not be extended by implication or otherwise except by written unanimous consent of the Members, consist of:

(a) acquiring, mortgaging, owning, developing, constructing and/or rehabilitating, leasing, managing, maintaining, operating, and, if appropriate or desirable, selling or otherwise disposing of the Project or any substantial part thereof;

(b) during the Compliance Period, operating the Project so that one hundred percent (100%) of the Units are in compliance with the provisions of Section 42 of the Code; and

(c) carrying on any and all activities related to the foregoing in accordance with this Agreement.

1.04 Term.

The Company shall continue in until the expiration of the term, if any, specified in the Company's Articles of Organization (the "***Term***"), unless sooner terminated in accordance with this Agreement.

1.05 Amendment.

The Managing Member shall execute and cause to be filed with the Commonwealth of Virginia, State Corporation Commission (and/or any other office as may be required) such amended documents as may be required under applicable law upon any change in the Company or its information. The Managing Member shall, immediately after filing, cause a copy of such document to be furnished to the Federal Investor Member.

1.06 Classification of the Company as a Partnership for Federal Income Tax Purposes.

The parties hereby acknowledge their intention that the Company be classified, for federal and state income tax purposes, as a partnership and not as an association taxable as a corporation pursuant to Section 7701(a)(2) of the Code and the Treasury Regulations promulgated thereunder and that the provisions of this Agreement shall be applied and construed in a manner to give full effect to such intent. Each Member hereby agrees, promptly upon request of the Managing Member, to execute and deliver such further agreements or instruments and do, or cause to be done, such further acts and things, as may be reasonably necessary, in the opinion of the Managing Member and counsel to the Company, to cause the Company to be classified as a partnership for federal and state income tax purposes. It is the intent of the Members that, except as otherwise specifically provided in the Loan Documents, no Member shall be personally liable for the obligations of the Company, whether arising in contract, tort or otherwise, solely by reason of being a member of the Company.

1.07 Definitions.

The following defined terms used in this Agreement shall have the meanings specified below:

Accountants: The accountants identified in Exhibit A, Section 8(a) or such other firm of independent certified public accountants as is acceptable to the Federal Investor Member.

Act: The Virginia Limited Liability Company Act or any corresponding provision or provisions of succeeding law, as it or they may be amended from time to time.

Admission Date: The date on which the State Investor Member and the Federal Investor Member are admitted to the Company, which shall be deemed to be the date of this Agreement.

Affiliate: As to any Member: (a) such Member or his or her spouse, children (including adopted children and step-children), parents, parents-in-law, nephews, nieces, brothers, sisters, brothers-in-law, and sisters-in-law, each whether by birth, marriage, or adoption, as well as any inter vivos trusts created for the benefit of such Person or any of the foregoing (the "***Immediate Family***"); (b) the legal representative, the successor or assignee, or any trustee of a trust for the benefit of any such Member or member of his or her Immediate Family; (c) any entity of which a majority of the voting interests is owned by any one or more of the Persons described in the preceding clauses; (d) any officer, director, trustee, employee, or ten percent (10%) or more stockholder or member of any Person described in the preceding clauses; and (e) any Person directly or indirectly controlling ten percent (10%) or more of, or under direct or indirect ten percent (10%) common control with, any Person described in the preceding clauses.

Agreement: This Operating Agreement of the Company including all exhibits, schedules, and attachments affixed hereto and made a part hereof.

Anticipated Federal HIT Credit: The aggregate amount of Federal HIT Credit anticipated to be received by the State Investor Member and the Federal Investor Member as detailed in Exhibit A, Section 4(b).

Anticipated Federal LIHT Credit: The aggregate amount of Federal LIHT Credit anticipated to be received by the State Investor Member and the Federal Investor Member as detailed in Exhibit A, Section 4(a).

Anticipated State HIT Credit: The aggregate amount of State HIT Credit anticipated to be received by the State Investor Member as detailed in Exhibit A, Section 4(c).

Approved Historic Rehabilitation: The proposed rehabilitation work to be undertaken with respect to a Certified Historic Structure, or parts thereof, as the case may be.

Architect: The architect or architectural firm identified in Exhibit A, Section 8(a).

Asset Management Fee: The fee payable to CAHEC pursuant to Section 5.05.

Asset Management Fee Guaranty Advance: An advance to the Company pursuant to Section 4.16 by the Managing Member.

Break-Even: The achievement for any period of income on a cash basis from the normal operation of the Company which equals or exceeds all Operating Expenses on an accrual basis for such period, including, but not limited to, taxes, assessments, funding of the Replacement Reserves in amounts at least as much as provided in this Agreement, and debt service payments due during such period.

Budget: The annual budget prepared in accordance with Section 4.19.

CAHEC: Community Affordable Housing Equity Corporation, a North Carolina non-profit corporation, the general partner of the Federal Investor Member.

Capital Account: The capital account maintained by the Company for each Member, determined in accordance with Article VI.

Capital Contributions: The total amount of cash and noncash property contributed or agreed to be contributed to the Company by each Member, including all adjustments thereto. Any reference in this Agreement to the Capital Contributions of a substituted Member shall include all Capital Contributions previously made by any predecessor or former Member in respect of the Interest acquired by the substituted Member, subject to all adjustments thereto pursuant to this Agreement.

Certified Historic Structure: The portion of the Project consisting of the buildings and structural components of the buildings that are described in Section 47(c)(3) of the Code.

Code: The Internal Revenue Code of 1986, as amended from time to time, or any corresponding provision or provisions of succeeding law.

Company: New Manchester Flats IX, LLC, a Virginia limited liability company.

Completion Date: The later of: (a) the date upon which the Company has completed the rehabilitation of the Certified Historic Structure in accordance with the Part 2 Certification, the Historic Preservation Certificate Standards, and other relevant Project Documents, approved by the Federal Investor Member and any construction consultant engaged by the Federal Investor Member, and evidenced by a certificate prepared and executed by the Architect indicating that rehabilitation of the Certified Historic Structure has been completed in accordance with the Part 2 Certification and other relevant Project Documents, except for punch list items which are not material and do not affect the rental of the space in the Project on a full rent paying basis, and for which the Company has furnished funds or cash equivalents in escrow to provide for the completion of such punch list items; and (b) the receipt of a certificate of occupancy for the building in the Project.

Compliance Period: The period specified in Section 42(i)(1) of the Code, as applicable to the Project.

Construction Contract: The most recent agreement between the Company and the General Contractor for construction and/or rehabilitation of the Project.

Cost Certification: The certification by the Accountants, as soon as practicable after the Completion Date, of the costs of the Project, including the costs which qualify for the Federal LIHT Credit, the Federal HIT Credit, and the State HIT Credit based on the Company's accounting records and other documentation deemed appropriate by the Accountants.

Credit Adjuster Advance: An advance to the Company pursuant to Exhibit A, Section 4(d) by the Managing Member, which shall not affect its Percentage Interest.

Credit Deficiency: The amount by which the Federal LIHT Credit, the Federal HIT Credit, and/or the State HIT Credit received by the State Investor Member is less than the Anticipated Federal LIHT Credit, the Anticipated Federal HIT Credit, and/or the Anticipated State HIT Credit, respectively, and/or the amount by which the Federal LIHT Credit and/or the Federal HIT Credit received by the Federal Investor Member is less than the Anticipated Federal LIHT Credit and/or the Anticipated Federal HIT Credit, as adjusted by any reductions in Capital Contributions and any Credit Adjuster Advances pursuant to Exhibit A, Section 4(d), other than recapture caused by the action of the State Investor Member or the Federal Investor Member.

For this purpose, the State Investor Member shall be considered to have received Federal LIHT Credit, Federal HIT Credit, and/or State HIT Credit in the amount allocated to the State Investor Member on the Company's federal and state income tax returns reduced by: (a) any adjustment of the Federal LIHT Credit and/or Federal HIT Credit reported on the Company's tax return that is made by the IRS or a court in a Final Determination or subsequent adjustment of State HIT Credit and (b) the amount of any loss, reduction, disallowance, recapture, or claimed recapture of the Federal LIHT Credit, Federal HIT Credit, and/or State HIT Credit, other than

recapture caused by the action of the State Investor Member. For this purpose, the Federal Investor Member shall be considered to have received Federal LIHT Credit and/or Federal HIT Credit in the amount allocated to the Federal Investor Member on the Company's federal and state income tax returns reduced by: (a) any adjustment of the Federal LIHT Credit and/or Federal HIT Credit reported on the Company's tax return that is made by the IRS or a court in a Final Determination and (b) the amount of any recapture or claimed recapture of such Federal LIHT Credit and/or Federal HIT Credit, other than recapture caused by the action of the Federal Investor Member.

Deferred Developer Fee: The portion of the Developer Fee that is not paid from Designated Proceeds and/or additional State Investor Member and/or Federal Investor Member Capital Contribution Installments.

Designated Proceeds: The sum of: (a) proceeds of the Loans; (b) insurance proceeds arising out of casualties incurred prior to and at the Completion Date as available from time to time; (c) Capital Contribution Installments due prior to and at the Completion Date; and (d) proceeds of construction completion letters of credit and/or payment and performance bonds.

Development Advance: The advances to the Company to be made by the Managing Member in the amounts and under the circumstances provided in Section 4.13(b).

Developer Fee: The fee payable pursuant to the Development Agreement.

Developer Fee Guaranty Advance: An advance to the Company pursuant to Section 4.15 by the Managing Member.

Development Agreement: The agreement, attached as Exhibit C, as such agreement is amended from time to time.

DHR Part 3 Certificate: The certificate issued by the Virginia Department of Historic Resources after its determination of the amount of eligible rehabilitation expenses under Section 58.1-339.2(C) of the Code of Virginia.

Environmental Laws: All applicable federal, state, and local laws, rules, regulations, and ordinances pertaining to environmental matters, including, but not limited to, the Comprehensive Environmental Response, Compensation and Liability Act of 1980, 42 U.S.C. sections 9601 et seq., as amended ("***CERCLA***"), the Clean Air Act, the Clean Water Act, the Toxic Substance Control Act, the Resource Conservation and Recovery Act, the Safe Drinking Water Control Act, and the Occupational Health and Safety Act.

Event of Bankruptcy: With respect to any Person, (a) the entry of a decree or order for relief by a court having jurisdiction in respect of such Person in an involuntary case under the federal bankruptcy laws, as now or hereafter constituted, or any other applicable federal or state bankruptcy, insolvency, or similar law, or appointing a receiver, liquidator, assignee, custodian, trustee, sequestrator, or other similar official for such Person or for any substantial part of his, her, or its property, or ordering the winding-up or liquidation of his, her, or its affairs, and the continuance of any such decree or order unstayed and in effect for a period of sixty (60) consecutive days; (b) the commencement by such Person of a voluntary case under the federal

bankruptcy laws, as now or hereafter constituted, or any other applicable federal or state bankruptcy, insolvency, or similar law, or the consent by such Person to the appointment of or taking possession by a receiver, liquidator, assignee, custodian, trustee, sequestrator, or other similar official for such Person or for any substantial part of his, her, or its property, or the making by such Person of any assignment for the benefit of creditors, or the taking of action by such Person in furtherance of any of the foregoing; (c) the commencement against such Person of an involuntary case under the federal bankruptcy code which has not been vacated, discharged, or bonded within sixty (60) consecutive days; (d) the admission by such Person of his, her, or its inability to pay his, her, or its debts as they become due; or (e) such Person's becoming "insolvent", by the taking of any action or the making of any transfer or otherwise, as insolvency is or may be defined pursuant to the federal bankruptcy code, the Uniform Fraudulent Conveyances Act, any state or federal act or law, or the ruling of any court.

Extended Use Agreement: The "extended low-income housing commitment" within the meaning of Section 42(h)(6) of the Code which is applicable to the Project.

Federal HIT Credit: The Historic Investment Tax Credit against the federal income tax described in Section 47(a)(2) of the Code which, for purposes of this Agreement, shall be equal to twenty percent (20%) of the qualified rehabilitation expenditures attributable to the rehabilitation of a certified historic structure.

Federal Investor Member: Community Equity Fund XIV Limited Partnership, a North Carolina limited partnership, and any additional or substitute Federal Investor Member named in any duly adopted amendment to this Agreement. At any time when there is more than one Federal Investor Member, the term "Federal Investor Member" shall include, collectively, all such Federal Investor Members. At any time when there is only one Federal Investor Member, the term "Federal Investor Member" shall refer to such Federal Investor Member, individually.

Federal LIHT Credit: The Low-Income Housing Tax Credit provided for under Section 42 of the Code, including the seventy percent (70%) present value new construction and rehabilitation credit and/or the thirty percent (30%) present value acquisition credit, as applicable.

Federal LIHT Credit Period: The ten (10) year period defined in Section 42(f)(1) of the Code, as well as the first taxable year after such ten (10) year period if any Federal LIHT Credit would be allowable in such eleventh year by reason of Section 42(f)(2)(B) of the Code.

Fee Agreements: The Development Agreement, the Incentive Management Agreement, and the Management Agreement.

Final Determination: With respect to any issue, the earliest to occur of: (a) a decision, judgment, decree, or other order being issued by any court of competent jurisdiction, which decision, judgment, decree, or other order has become final (i.e., all allowable appeals requested by the parties to the action have been exhausted); (b) with respect to any federal tax issues, the entry by the IRS into a binding agreement with the Company or the reaching by the IRS of a final administrative determination which, whether by law or agreement, is not subject to appeal; (c) with respect to any State tax issues, the entry by any such State taxing authority into a

binding agreement with the Company or the reaching by any State taxing authority of a final administrative determination, which, whether by law or agreement, is not subject to appeal, or (d) the expiration of the applicable statute of limitation.

Financial Projections: The projections of the Company's income, losses, cash flow, and other financial results, attached as Exhibit G.

General Contractor: The firm identified in Exhibit A, Section 8(a).

Gross Revenues: All cash revenues received by the Company during the taxable year from any source, and shall include any amounts previously set aside as reserves which the Managing Member no longer regards as necessary to maintain and which are not required to be retained as reserves under this Agreement or the Loan Documents, but shall not include any Capital Contributions, Sale Proceeds (including all insurance proceeds other than the proceeds of rental interruption insurance), Refinancing Proceeds, and the proceeds of any other Company liabilities.

Guarantors: Richard W. Gregory, an individual, and Thomas W. Papa, an individual.

Guaranty Agreement: The Unconditional Construction Completion Guaranty Agreement, the Guaranty Agreement, and the Tax Credit Guaranty Agreement, attached as Exhibit F.

Hazardous Materials: Any "hazardous substance" as that term is defined under CERCLA, 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 or radon, except for ordinary and necessary quantities of office supplies, cleaning materials, pest control supplies stored in a safe and lawful manner, and petroleum products lawfully contained in motor vehicles.

Historic Preservation Certificate Standards: The Standards of Rehabilitation established by the U.S. Department of the Interior as set forth in 36 C.F.R. Part 67, as amended.

Historic Rehabilitation Base: The total amount of Qualified Rehabilitation Expenditures incurred by the Company that qualifies for the Federal HIT Credit. The Historic Rehabilitation Base shall be determined by the Accountants in the preparation of the Company tax returns.

Incentive Management Agreement: The agreement attached as Exhibit E, as such agreement is amended from time to time.

Incentive Management Fee: The annual non-cumulative payment by the Company to the Managing Member payable from Net Cash Flow in an amount and under the terms described in the Incentive Management Agreement.

Installment: A Capital Contribution by the State Investor Member and/or the Federal Investor Member in accordance with the schedule set forth in Exhibit A, Section 3.

Installment Due Date: The scheduled date of a Capital Contribution Installment by the State Investor Member and/or the Federal Investor Member in accordance with the schedule set forth in Exhibit A, Section 3.

Installment Notice: The Notice to be delivered to the State Investor Member and the Federal Investor Member by the Managing Member stating the date on which any additional Capital Contribution Installment is due and the amount of the additional Capital Contribution Installment, as provided in Section 2.02(c).

Interest: As to any Member, such Member's right, title, and interest in and to any and all assets, distributions, losses, profits, and shares of the Company, whether cash or otherwise, and any other interests and economic incidents of ownership whatsoever of such Member in the Company. The "***Percentage Interest***" shall mean the percentage of each Member's right, title, and interest in the Company as set forth in Exhibit A, Section 1.

IRS: The Internal Revenue Service.

Lease-Up Date: The date on which: (a) the Company has operated at Break-Even for three (3) consecutive months, (b) thirty-nine (39) of the forty-one (41) Units currently are occupied by Qualifying Tenants, (c) the Project previously has achieved one hundred percent (100%) Qualified Occupancy, (d) all Loans identified in Exhibit A, Section 5 have closed and have been funded, and (e) the Operating Reserve has been funded.

Lease-Up Reserves: The reserve account established in accordance with Exhibit A, Section 6(c).

Loan Documents: With respect to each Loan, any and all documents executed by the Company in connection with such Loan, including, without limitation, any of the following: loan applications, loan commitments, notes, mortgages, regulatory agreements, building loan agreements, security agreements, and financing statements.

Loans: The financing identified in Exhibit A, Section 5 and any subsequent financing or loans with the prior consent of the Federal Investor Member.

Management Agent: The property management firm identified in Exhibit A, Section 8(a).

Management Agreement: The agreement, attached as Exhibit D, as such agreement is amended from time to time.

Managing Member: New Manchester Flats Managing Member, LLC, a Virginia limited liability company, and any additional or substitute Managing Member named in any duly adopted amendment to this Agreement. At any time when there is more than one Managing Member, the term "Managing Member" shall include, collectively, all such Managing Members. At any time when there is only one Managing Member, the term "Managing Member" shall refer to such Managing Member, individually.

Member or ***Members***: The Managing Member, the State Investor Member, and the Federal Investor Member, either individually or collectively.

National Park Service: The National Park Service of the United States Department of the Interior.

Net Cash Flow: For any fiscal year, the "Net Cash Flow" is the excess of the Gross Revenues of the Company over the sum of the Operating Expenses of the Company.

Notice: A writing containing the information required by this Agreement and sent by one of the following: (a) registered or certified mail, postage prepaid, return receipt requested, (b) facsimile, (c) commercial delivery service, or (d) hand delivery (paid for by the sender) to a Member at the last address or addresses as provided under this Agreement.

Notice Certifications: The certifications set forth in Exhibit H that are required to be provided by the Managing Member to the Federal Investor Member in the Installment Notice.

Operating Deficit: With respect to any period of time, the amount by which Operating Expenses exceeds the sum of (a) collected gross receipts of the Company (including government subsidies actually received during such period) and (b) amounts available for the payment of the Operating Expenses in the Operating Reserve.

Operating Deficit Loan: A loan to the Company by the Managing Member, which shall be required under the circumstances described in Section 4.14.

Operating Expenses: All costs and expenses of any type incurred on an accrual basis incident to the equipping, financing, ownership, and operation of the Company, including payments of fees to the Members or their Affiliates (other than fees the payment of which is contingent on the amount of Net Cash Flow), taxes, required payments of principal and interest on any Loans and any other Company loans or obligations (other than loans from Members he payment of which is contingent on the amount of Net Cash Flow), funding of the Replacement Reserve, and the costs of capital improvements to the Project incurred after the Completion Date that are not funded or to be funded from the Replacement Reserve.

Operating Reserve: The reserve account established in accordance with Exhibit A, Section 6(a).

Part 1 Certification: The certification by the National Park Service that a building contributes to the significance of a historic district and is a Certified Historic Structure for the purpose of rehabilitation or that a building appears to meet the National Register Criteria for Evaluation or will likely be listed in the National Register of Historic Places if nominated by the nominated by the State Historic Preservation Officer.

Part 2 Certification: The certification by the National Park Service that the proposed rehabilitation of the Certified Historic Structure will meet the Historic Preservation Certificate Standards.

Part 3 Certification: The certification by the National Park Service that the rehabilitation

of the Certified Historic Structure meets the Historic Preservation Certificate Standards.

Person: An individual or an entity, such as, but not limited to, a corporation, joint venture, general partnership, limited partnership, limited liability company, trust, cooperative, or association, and the heirs, executors, administrators, legal representatives, successors, and assigns of such Person where the context so admits.

Project: The land and improvements as described in the legal description, street address, and other characteristics as set forth on Exhibit B attached and made a part hereof, together with such additions or improvements thereto as may hereafter be acquired by the Company in accordance with this Agreement, as well as any other assets or property purchased with Company funds.

Project Documents: (a) The agreement between the Architect and the Company and all amendments thereto, including, without limitation, any plans, specifications or engineering documents created in connection therewith, (b) the Construction Contract, (c) the Fee Agreements, and (d) any other document or instrument executed in connection with any of the aforesaid documents.

Qualified Occupancy: The occupancy of a Unit by a Qualifying Tenant or the state of being held for occupancy by a Qualifying Tenant after such Unit becomes vacant subsequent to its rental to a Qualifying Tenant. A ***Qualifying Tenant*** is a tenant whose income does not exceed the relevant limit set forth in Section 42(g)(1) of the Code.

Qualified Rehabilitation Expenditures: Any amount expended by the Company that meets the requirements of Section 47(c)(2) of the Code and which is includable in the Historic Rehabilitation Base.

Refinancing Proceeds: The excess of the gross proceeds of any borrowings by the Company, other than the Loans, over the sum of the following to the extent paid out of such gross proceeds: (a) any amounts disbursed to repay then existing loans of the Company and to pay and provide for all debts and obligations of the Company then to be paid or which are otherwise then due (not including loans from Members the payment of which is contingent on the amount of Net Cash Flow); (b) all reasonable expenses of such borrowings, including, without limitation, all commitment fees, brokers' commissions, and attorneys' fees actually incurred; (c) all amounts paid to improve the Project or for any other purpose in order to satisfy conditions to or established in connection with such borrowings; (d) the amount of any deferred portion of management fees; and (e) any amounts used to meet the operating expenses of the Company or set aside by the Managing Member for reserves.

Replacement Reserve: The reserve account established in accordance with Exhibit A, Section 6(b).

Sale Proceeds: The excess of all cash receipts and other consideration arising from the sale or other disposition of all or any portion of the Project or any proceeds realized from condemnation, insured casualty, or insured title defect, but excluding proceeds from rental interruption insurance or a temporary condemnation in the nature of a lease, if any, over the sum of the following to the extent paid out of such cash receipts and other consideration: (a) the

amount of cash disbursed or to be disbursed in connection with or as an expense of such sale or other disposition; (b) the amount necessary for the payment of all debts and obligations of the Company arising from or otherwise related to such sale or other disposition or to which the Project is subject and which are otherwise then due (not including loans from Members the payment of which is contingent on the amount of Net Cash Flow; (c) the amount of any deferred portion of management fees; and (d) any amounts set aside by the Managing Member for reserves.

Segregated Accounts: The bank accounts established in accordance with Section 12.01.

State: The Commonwealth of Virginia.

State HIT Credit: The rehabilitation credits described in Section 58.1-339.2 of the Virginia Code, which for purposes of this Agreement shall be equal to twenty-five (25%) of the "eligible rehabilitation expenses" attributable to the rehabilitation of the Historic Building.

State Investor Member: New Manchester Flats IX SCP, LLC, a Virginia limited liability company, and any additional or substitute State Investor Member named in any duly adopted amendment to this Agreement. At any time when there is more than one State Investor Member, the term "State Investor Member" shall include, collectively, all such State Investor Members. At any time when there is only one State Investor Member, the term "State Investor Member" shall refer to such State Investor Member, individually.

Tax Matters Partner: The Managing Member or such other Person appointed by the Managing Member with the consent of the Federal Investor Member as being the Company's "tax matters partner" within the meaning of Section 6231(a)(7) of the Code.

Term: The period of time the Company shall continue in existence until expiration of the term, if any, specified in the Company's Articles of Organization unless sooner terminated in accordance with this Agreement.

Total Benefits: The financial benefits provided to the Federal Investor Member calculated in accordance with Exhibit A, Sections 2(c) and 2(d).

Treasury Regulations: The temporary and final regulations promulgated under the Code, as such regulations may be amended from time to time (including corresponding provisions of succeeding regulations).

Unit: The individual units of residential rental housing located in the Project.

VHDA: The Virginia Housing Development Authority.

Wrongful Acts: (a) Gross negligence, (b) fraud, (c) willful misconduct, (d) malfeasance, (e) breach of any representation, warranty, covenant, or agreement hereunder that has a material adverse effect on the Company, the State Investor Member, or the Federal Investor Member, (f) breach of fiduciary duty, or (g) actions performed outside the scope of the Managing Member's authority, which have a material adverse effect on the Company.

Unless the context clearly indicates otherwise, where appropriate the singular shall include the plural and the masculine shall include the feminine or neuter, and vice versa, to the extent necessary to give the terms defined in this Article I, Section 1.07 and/or the terms otherwise used in this Agreement their proper meanings. When used in this Agreement, words such as “herein,” “hereinafter,” “hereof,” “hereto,” and “hereunder” shall refer to this Agreement as a whole, unless the context clearly requires otherwise.

Article II
Percentage Interests and Capital Contributions

2.01 Members and Percentage Interests.

The Percentage Interests of the Managing Member, the State Investor Member, and the Federal Investor Member are set forth in Exhibit A, Section 1.

2.02 Capital Contributions.

(a) ***Managing Member.*** The Managing Member has contributed to the Company the sum set forth in Exhibit A, Section 2(b).

(b) (1) ***State Investor Member.*** Subject to the satisfaction of any funding condition described in this Agreement (including, without limitation, those contained in Exhibit A, Section 3), the State Investor Member shall contribute to the Company, by wire transfer or other form of immediately available funds, the sum set forth in Exhibit A, Section 2(a) in accordance with the installment schedule set forth in Exhibit A, Section 3 (an "***Installment***"). The payment date of any Installment (the "***Installment Due Date***") may be extended in accordance with this Agreement. Except as provided below, the State Investor Member shall have no obligation to make any Capital Contribution other than the amount set forth in Exhibit A, Section 2(a)(1). The aggregate amount of the State Investor Member Capital Contributions or the amount of any Installment is subject to adjustment pursuant to Exhibit A, Section 4.

(2) ***Federal Investor Member.*** Subject to the satisfaction of any funding condition described in this Agreement (including, without limitation, those contained in Exhibit A, Section 3), the Federal Investor Member shall contribute to the Company, by wire transfer or other form of immediately available funds, the sum set forth in Exhibit A, Section 2(a) in accordance with the installment schedule set forth in Exhibit A, Section 3 . The payment date of any Installment may be extended in accordance with this Agreement. Except as provided below, the Federal Investor Member shall have no obligation to make any Capital Contribution other than the amount set forth in Exhibit A, Section 2(a)(2). The aggregate amount of the Federal Investor Member Capital Contributions or the amount of any Installment is subject to adjustment pursuant to Exhibit A, Section 4.

(c) ***Notice Procedure for Installments; Notice Certifications.*** The Managing Member shall deliver Notice to the Federal Investor Member of the date on which any Installment is due no more than thirty (30) days and no less than fifteen (15) days in advance of the Installment Due Date, which Notice shall state the amount of the Installment (the "***Installment Notice***"). The Installment Notice (the form of which is attached hereto as Exhibit H) shall include certain notice certifications to the Federal Investor Member (the "***Notice Certifications***") and a Requisition and Certificate (the forms of which are attached hereto as Exhibit H) as of the Installment Due Date. After giving the Installment Notice, the Managing Member shall have an affirmative duty to communicate in writing with the Federal Investor Member regarding any changes which would affect the amount of the Installment or the anticipated date on which all Notice Certifications will be true and correct and all requirements for the Installment will be satisfied. If such anticipated date(s) and/or the anticipated amount of

the Installment is different from the amount set forth in the Installment Notice, such different date and/or amount shall become the due date and/or amount due for the Installment.

(d) ***Failure to Make Notice Certifications.*** If the Managing Member fails to certify that each Notice Certification is true and correct in the Installment Notice, or if any Notice Certification is in fact untrue, the Installment Due Date shall be deferred until ten (10) days after the date (i) the Managing Member is able to and does certify that each of the Notice Certifications is true and (ii) each of the Notice Certifications is in fact true. Under these conditions, the State Investor Member's or the Federal Investor Member's failure to pay such Installment prior to such time shall not constitute a default of the State Investor Member or the Federal Investor Member, and neither the Company nor the Managing Member shall be entitled to exercise any of the rights or remedies under this Agreement as a result of such failure.

(e) ***Withholding Installment Proceeds.*** If the Managing Member certifies that all Notice Certifications have been made and that all conditions for an Installment are satisfied, but the Federal Investor Member in good faith believes that any Notice Certification is untrue or that any condition has not been satisfied, the State Investor Member or the Federal Investor Member shall provide the Managing Member with prompt written Notice thereof and may withhold the amount of such Installment (or portion thereof) in controversy. The Installment in controversy shall not be due until five (5) business days after final resolution of the controversy. Subject to Section 14.12 regarding the payment of arbitration costs, the prevailing party shall be reimbursed by the other party for its cost of funds during the period in controversy. For the purposes of this Section 2.02(e), the prevailing party's "cost of funds" shall consist of all interest, bank fees and charges, reasonable attorneys' fees actually incurred, and other costs actually incurred by the prevailing party, if any, during the period in controversy.

(f) ***Waiver of Installment Conditions***. The Federal Investor Member, in its sole discretion, may waive, in whole or in part, any condition to the payment of any Installment or portion thereof. The waiver shall not prevent the State Investor Member or the Federal Investor Member from asserting the failure of the condition as a defense against paying the remainder of an Installment or any other Installment.

2.03 No Interest on Capital Contributions.

No interest shall accrue or be payable to any Member by reason of its Capital Contributions or its Capital Account.

2.04 No Right to Require Repayment of Capital.

No Member shall have the right to withdraw from the Company all or any part of its Capital Contributions. No Member shall have any right to demand and receive property of the Company in return for its Capital Contributions or in respect of its Interest, except as provided in this Agreement.

Article III
Right to Mortgage; The Managing Member Bound by Loan Documents

3.01 Right to Mortgage.

Subject to Section 4.02 of this Agreement, the Company may borrow the amounts required to acquire, develop, and construct and/or rehabilitate the Project and meet the Company's Operating Expenses.

3.02 Non-Recourse.

The Loan Documents shall provide that no Member or any of its Affiliates shall have any personal liability for the payment of any part of the principal or interest due under the Loans.

3.03 The Managing Member Bound by Loan Documents.

The Managing Member has a duty to use reasonable care in causing the Company to comport with and abide by the terms of the Loan Documents and the Project Documents. Any incoming Managing Member shall, as a condition of receiving any Interest, agree to cause the Company to comply with the Loan Documents and the Project Documents to the same extent and on the same terms as the other Managing Member.

3.04 Virginia Housing Development Authority Provisions.

Notwithstanding any other provision of this Agreement, the Company and the Members shall be subject to regulation and supervision by the VHDA in accordance with the Virginia Housing Development Authority Act, the Rules and Regulations of the VHDA, and the Regulatory Agreement executed or to be executed between the Company and the VHDA and shall be further subject to the exercise by the VHDA of the rights and powers conferred on the VHDA thereby. Notwithstanding any other provision of this Agreement, the VHDA may rely on the continuing effect of this Section 3.04 which shall not be amended, waived, supplemented, or otherwise changes without the prior written consent of the VHDA.

Article IV
Rights, Powers, Duties, and Obligations of the Managing Member

4.01 Authority of the Managing Member.

The Managing Member is the sole manager for the purpose of the Act and has full and exclusive power and right to manage and control the business of the Company. The Managing Member has a duty to use reasonable care in taking all reasonable actions necessary to protect the interests of the State Investor Member, the Federal Investor Member, and the Company. Except for items requiring the consent of the Federal Investor Member, all decisions made on behalf of the Company by the Managing Member shall be binding upon the Company. Subject to the terms of this Agreement, the Managing Member shall have the right, power, and authority to:

(a) execute and deliver on behalf of the Company any agreement, instrument, or other document required to acquire, construct and/or rehabilitate, renovate, improve, lease, operate, sell, encumber, mortgage, convey, finance, or refinance the Project;

(b) convey the Project by deed, mortgage, deed of trust, certificate, bill of sale, agreement, or otherwise;

(c) in addition to the foregoing items, execute any instrument or document required by any lender in connection with the Loan Documents; and

(d) take all actions necessary to effectuate the purposes of the Company.

4.02 Limitations on Authority of the Managing Member.

(a) Notwithstanding Section 4.01 or any other provision of this Agreement, the Managing Member shall have no authority to:

(i) perform any act in violation of any applicable law or regulation, the Loan Documents, or the Project Documents;

(ii) do any act requiring the consent of the Federal Investor Member under the Act or under this Agreement unless such consent has been obtained;

(iii) cause the Company to engage in any business other than as described in this Agreement;

(iv) do any act which would make it impossible to carry out the business of the Company;

(v) accept grant funding on behalf of the Company or otherwise accept benefits that may reduce the Project's basis or create taxable income to the State Investor Member or the Federal Investor Member;

(vii) convey an interest in the Company (conditional, secured, or otherwise) to any lender or other third party; or

(viii) unless the Managing Member believes, in good faith, that such action is reasonably necessary, take any action that does or could jeopardize the Company's timely receipt of the Federal LIHT Credit, the Federal HIT Credit, or the State HIT Credit or the ability of the Company to allocate the Federal LIHT Credit, the Federal HIT Credit, or the State HIT Credit according to the terms of this Agreement.

(b) The Managing Member shall have no authority to engage in the following activities on behalf of the Company without the prior written consent of the Federal Investor Member and, if required under the Loan Documents, the consent of the lender(s):

(i) sell all or any portion of the Project or the Units (other than personal property and improvements that are replaced in the ordinary course of business);

(ii) refinance, encumber, mortgage, convey, or otherwise dispose of all or a substantial portion of the Project other than personal property that may be liquidated in the normal course of business and other than in connection with the Loans;

(iii) hire a management agent other than the Management Agent;

(iv) lease as an entirety the Project, or lease any portion of the Project except in the ordinary course of business and as provided in this Agreement;

(v) become subject to any economic risk of loss within the meaning of Treasury Regulations Section 1.752-2 with respect to the Loan Documents or become, or permit any Affiliate or any other Person related to the Managing Member (within the meaning of Treasury Regulations Section 1.752-4(b)) to become personally liable on, or in respect of, or guarantee all or any portion of the indebtedness evidenced by any of the Loan Documents;

(vi) dissolve or wind up the Company;

(vii) modify or amend this Agreement;

(viii) following the Completion Date, replace any existing capital improvements (other than repairs or replacements in the ordinary course of business) or construct any new capital improvements that are not funded from the Replacement Reserve;

(ix) acquire any real property for use in connection with the Project in addition to what is described in this Agreement or the Project Documents (other than easements or similar rights necessary for the use or operation of the Project);

(x) bring, compromise, settle, and defend actions at law or in equity, or confess any judgment in excess of Ten Thousand Dollars ($10,000);

(xi) borrow funds in excess of Ten Thousand Dollars ($10,000) in the aggregate at any one time outstanding (excluding the Loans or as otherwise permitted in this Agreement);

(xii) file a voluntary bankruptcy petition on behalf of the Company;

(xiii) prepay any Loan;

(xiv) admit any Person as a Member, except as otherwise provided in this Agreement;

(xv) borrow from the Company or commingle Company funds with the funds of any Person; or

(xvi) make application for or consent to a change in the principal amount of the Loans or materially modify the Loans in any way that may adversely affect the nature of the business of the Company and/or may, in the opinion of the Accountants (which opinion shall be required prior to any modification), adversely affect the ability of the State Investor Member and/or the Federal Investor Member to receive the Anticipated Federal LIHT Credit, the Anticipated Federal HIT Credit, and/or the Anticipated State HIT Credit.

4.03 Reserves to be Established by the Managing Member.

The Managing Member shall establish and maintain reserves for the benefit of the Company in accordance with Exhibit A, Section 6.

4.04 Delegation, Reporting, and Elections.

(a) ***Delegation of the Managing Member's Authority.*** The Managing Member may delegate its authority, power, and right to manage the Project to the Management Agent, provided, however, that any such delegation shall not relieve the Managing Member of its obligations hereunder.

(b) ***Tax Reporting and Elections.*** The Managing Member shall prepare or cause to be prepared all tax and information returns required of the Company (including federal, state, and local income tax and information returns and amended returns), and the Accountants shall review such returns in advance before being filed. The Managing Member shall, after consultation with the State Investor Member and the Federal Investor Member, be responsible for making all elections required or allowed under the Code or the Treasury Regulations including, but not limited to, elections pursuant to Sections 42, 47, 168, 709, and 754 of the Code, and all elections required or allowed under applicable state or local law. To the extent possible, no election shall be made which would create a benefit to the Managing Member and a detriment to the State Investor Member and/or the Federal Investor Member.

4.05 Duty of the Managing Member to Maintain Low-Income Housing and Historic Status.

(a) ***Section 42(g)(1) of the Code Compliance.*** During the Compliance Period, the Managing Member shall hold one hundred percent (100%) of the Units for occupancy in such a manner as to qualify under Section 42(g)(1) of the Code, as such is amended or interpreted from time to time. The Managing Member shall not, by act or omission, take or permit to be taken any act that would cause the termination or discontinuance of the qualification of any Unit or the Project under Section 42(g)(1) of the Code, as such is amended or interpreted from time to time.

(b) ***Reporting.*** During the Compliance Period, the Managing Member shall prepare (or cause to be prepared) and submit to the VHDA, on a timely basis, all annual reports, information returns, and other certifications and information and shall take any and all other action required to (i) ensure that the Company (and its Members) will continue to qualify for the Federal LIHT Credit and (ii) avoid recapture, loss, disallowance, or reduction of the Federal LIHT Credit or the imposition of penalties or interest on the Company or any of the Members for failure to comply with Section 42 of the Code.

(c) ***Rehabilitation.*** The Managing Member will cause the Company to rehabilitate the building in the Project in accordance with the plans, drawings, and specifications of the Project, the Construction Contract, the Part 2 Certification, the Historic Preservation Certificate Standards, and all federal, state, and local laws and regulations. The Managing Member shall make changes to the plans, drawings, and specifications of the Project as the Managing Member deems necessary and advisable, provided such changes do not conflict in any material respect with (i) the Project Documents and any provisions in this Agreement, (ii) all applicable statutes, rules, and regulations with respect thereto, (iii) the Historic Preservation Certificate Standards, and (iv) the Part 2 Certification.

(d) ***Tax Requirements.*** The Managing Member will (i) ensure that the Company's Qualified Rehabilitation Expenditures incurred in rehabilitating the building in the Project over a twenty-four (24) month period to be selected by the Managing Member (not including expenditures incurred in acquiring or enlarging any building) will exceed the greater of (A) the Company's adjusted basis of the building (including their structural components) at the later of the beginning of such twenty-four (24) month period or the beginning of the holding period for such building, or (B) $5,000; (ii) cause the Company to use the straight line method of depreciation for the Project building under Section 168(c) of the Code; (iii) ensure that the Company has not made and will not make an election under Section 168(g)(7) of the Code to depreciate any of the depreciable property in the Project under the alternative depreciation system; (iv) ensure that fees payable by the Company to the Managing Member or its Affiliates will be for services actually rendered and will not exceed the equivalent of an arms'-length charge therefore and are reasonable both in relation to the future operations of the Company and in light of the services to be performed; (v) ensure that the Company is not and will not be wholly owned by a state or political subdivision thereof, within the meaning of Treasury Regulation Section 301.7701-2(b); (vi) ensure that the Company is not and will not be a "publicly traded partnership" (as defined in Section 7704 of the Code) or "taxable mortgage pool" (as defined in Section 7701(i)of the Code), within the meaning of Treasury Regulation Section 301.7701-2(b).

4.06 Outside Activities of the Managing Member.

The Managing Member shall devote to the management of the business of the Company so much of its time as is reasonably necessary for the efficient operation of the Company and the Project and in order to comply with this Agreement and all applicable laws.

Nothing contained in this Agreement shall be construed to limit in any manner the Managing Member in the carrying on of its own businesses or activities. The Managing Member may engage in and possess any interest in other business ventures (including partnerships and limited liability companies) of every kind, nature, and description, independently or with others, whether existing as of the date hereof or hereafter coming into existence, including, without limitation, acting as a member or partner in any entity which owns, directly or through interests in other entities, housing projects similar to, or in competition with, the Project. Neither the Company nor any of the Members shall have any rights by virtue of this Agreement in or to any such other business ventures or to the income or profits derived therefrom and nothing shall be construed to render them partners or joint venturers in any such business ventures.

4.07 Liability to the Company, the State Investor Member, and the Federal Investor Member.

Except as otherwise provided in this Agreement, the Managing Member shall not be liable to the State Investor Member, the Federal Investor Member, or to the Company for any acts performed in good faith and within the scope of authority of the Managing Member pursuant to this Agreement; provided, however, that the Managing Member shall be liable for its actions and/or omissions to the extent they are attributable to any Wrongful Act.

4.08 Indemnification of the Managing Member.

(a) ***General Indemnity.*** The Company shall indemnify, defend, and hold harmless the Managing Member from and against any loss, liability, damage, cost, or expense (including reasonable attorney's fees actually incurred) arising out of any demands, claims, suits, actions, or proceedings against the Managing Member by reason of any act or omission performed by it (including its employees and agents) while acting in good faith on behalf of the Company and within the scope of the authority of the Managing Member hereunder; provided, however, that: (i) the Managing Member must have in good faith believed that such action was in the best interests of the Company, (ii) such course of action or inaction must not have constituted a Wrongful Act, and (iii) any such indemnification shall be recoverable solely from the assets of the Company, not from the assets of the State Investor Member or the Federal Investor Member, and no Member shall be personally liable therefor. This indemnity shall be operative only in the context of third-party claims and suits, and not in connection with demands, claims, suits, actions, or proceedings initiated by a Member or any Affiliate thereof against another Member. The indemnification rights contained in this Section 4.08 shall be limited to reasonable and customary expenses actually incurred. All rights of the Managing Member to indemnification shall survive the dissolution of the Company and the death, retirement, incompetency, insolvency, Event of Bankruptcy, or withdrawal of the Managing Member.

(b) ***Liability Insurance.*** The Company shall not pay for any insurance covering liability of the Managing Member for actions or omissions for which indemnification is not permitted hereunder.

(c) ***Advances to Cover Costs.*** The Managing Member, when entitled to indemnification pursuant to this Section 4.08, may request from the Company reasonable advances to cover the legal and other costs of defending any proceedings against it. These advances will be in the form of a commercially reasonable loan.

(d) ***Costs of Removing Liens.*** The indemnification authorized by this Section 4.08 shall include, but not be limited to, the costs and expenses (including reasonable attorney's fees actually incurred) for the removal of any liens affecting any property of the indemnitee as a result of such legal action.

4.09 Indemnifications of the Company, the State Investor Member, and the Federal Investor Member.

(a) ***General Indemnity.*** The Managing Member shall defend, indemnify, and hold harmless (i) the Company and each Member from and against any loss, liability, damage, cost, or expense (including reasonable attorney's fees actually incurred) incurred by reason of any demands, claims, suits, actions, or proceedings arising out of the Managing Member's Wrongful Act(s), and (ii) the State Investor Member and the Federal Investor Member from and against any liability incurred by it for Company obligations (including, without limitation, the Loans) in excess of its Capital Contributions (other than as a result of the action or inaction of the State Investor Member or the Federal Investor Member).

(b) ***Environmental and Other Indemnities.*** In addition to Section 4.09(a), if the Company, the State Investor Member, or the Federal Investor Member (other than as a result of the action or inaction of the State Investor Member or the Federal Investor Member) becomes liable under any statute, regulation, or ordinance pertaining to the protection of the environment or otherwise pertaining to public health or employee health and safety, including, without limitation, protection from Hazardous Materials located on the Project, the Managing Member shall indemnify and hold harmless the State Investor Member and the Federal Investor Member from any and all costs, expenses (including reasonable attorney's fees actually incurred), damages, or liabilities to the extent that the State Investor Member and/or the Federal Investor Member is required to discharge such costs, expenses, damages, or liabilities in whole or in part from any source.

(c) ***Scope of Indemnification.*** The indemnifications in this Section 4.09 shall be recourse obligations of the Managing Member and shall survive the dissolution of the Company and the death, retirement, incompetency, insolvency, Event of Bankruptcy, dissolution, or withdrawal of the Managing Member. The indemnifications required by this Section 4.09 shall include, but not be limited to, the costs and expenses (including reasonable attorney's fees actually incurred) of the removal of any liens affecting any property of the indemnitee as a result of such legal action.

4.10 Representations and Warranties of the Managing Member.

The Managing Member represents and warrants to the State Investor Member, the Federal Investor Member, and the Company that the following matters are true and correct as of

the date hereof and covenants that such matters will be true and correct for the Term, unless specifically otherwise provided:

(a) ***Organization and Authority of the Managing Member; Breach of Organizational Documents and Laws.*** The Managing Member is duly organized, validly existing, and in good standing and has all necessary power and authority to enter into and consummate this Agreement and all documents pertaining hereto and to perform all acts related thereto. The consummation of all transactions contemplated herein and in the Loan Documents and the Project Documents to be performed by the Managing Member or its Affiliates does not and will not result in any material breach or violation of, or default under, any governing instrument of the Managing Member or its Affiliates or any agreements by which the Managing Member or its Affiliates or any of their property is bound, or under any applicable law, administrative regulation, or court decree.

(b) ***Organization and Authority of the Company.*** The Company is duly organized, validly existing, and in good standing, and has all necessary power and authority to acquire the Project, and to develop, construct, operate, and maintain the Project in accordance with the terms of this Agreement. The Company has performed all acts, including, without limitation, the filing of all documents and the payment of all fees, taxes, and other sums necessary for the Company to operate as a limited liability company in the State, and has taken all actions under the Act and other applicable laws necessary to protect the limited liability of the State Investor Member and the Federal Investor Member and to enable the Company to engage in its business.

(c) ***Personal Liability for the Loans; Agreements Relating to the Loans.*** None of the Members, their Affiliates, or the Company has entered into an agreement which might cause any of them to have any personal liability as maker, guarantor, member, or otherwise with respect to the payment of principal or interest on the Loans, and in the event of default thereon, the sole recourse of any lender thereon shall be to the Project and pledged collateral. None of the Members, their Affiliates, or the Company has entered into an agreement for the payment or offset of any loan or loan discounts, additional interest, yield maintenance, or other interest charges or financing fees, or any agreement to incur financial responsibility (other than customary non-recourse carve-out provisions approved by the Federal Investor Member) with respect to the Project or provide for the guaranty of payment of any such interest charges or financing fees relating to the Loans, other than those disclosed in this Agreement; and in no event have they entered any agreement or guaranty of any kind whatsoever (such as an escrow arrangement or letter of credit arrangement) which would subject the Company or any of its Members or Affiliates to personal liability or "economic risk of loss" (within the meaning of Treasury Regulations Section 1.752-2) as to any of the Loans. Neither the Managing Member nor any Affiliate thereof has incurred a loan which shall be personally enforceable by any creditor on the Loans.

(d) ***Reservation of Federal LIHT Credit; Qualified Basis.*** The Company has obtained a valid reservation of Federal LIHT Credit from the VHDA and such reservation is in full force and effect. The Company has taken all actions necessary to ensure that the Company will have "qualified basis" in the Project (as defined in Section 42(c)(1) of the Code) throughout the Compliance Period in an amount sufficient for the Company to utilize the Anticipated Federal LIHT Credit. The Company shall comply with the requirements of Section 42(h)(1) of

the Code with respect to the Project, including, without limitation, the requirements relating to the Company's basis in the Project equaling more than ten percent (10%) of the Company's reasonably anticipated basis in the Project prior to December 31, 2010.

(e) ***Litigation.*** No litigation, action, investigation, event, or proceeding is pending or, to the best of the Managing Member's knowledge, is threatened which, if adversely resolved, would: (i) have a material adverse effect on the Company or any adjacent property which could have a material adverse effect on the Project; (ii) have a material adverse effect on the ability of the Managing Member or any of its Affiliates to perform their respective obligations under this Agreement; (iii) have a material adverse effect on the financial condition of the Managing Member; or (iv) constitute or result in, if true, a material breach of any representation, warranty, covenant, or agreement set forth in this Agreement.

(f) ***No Defaults.*** No default (or event which, with the giving of notice or the passage of time or both, would constitute a default) has occurred and is continuing under any of the Loan Documents, the Project Documents, or any other contract, agreement, or instrument to which the Company or the Managing Member is subject; the Loan Documents and the Project Documents are in full force and effect; and the Company is entitled to the benefit of the Loan Documents and the Project Documents.

(g) ***Permits and Licenses.*** All building, zoning, and other applicable certificates, permits, and licenses necessary to permit the construction and/or rehabilitation, use, occupancy, and operation of the Project have been obtained or applied for and will be obtained in due course.

(h) ***No Violation of Laws.*** The Managing Member has not received any notice of and has no knowledge of any violation with respect to the Project (or any adjacent property) of any law, rule, regulation, order, or decree of any governmental authority having jurisdiction which would have a material adverse effect on the Project or the construction and/or rehabilitation, use, occupancy, or operation thereof.

(i) ***Bankruptcy.*** No Event of Bankruptcy has occurred with respect to the Company, the Managing Member, or any of its Affiliates.

(j) ***Loans and Payments Involving the Managing Member.*** Except as otherwise expressly stated herein, (i) there are no outstanding loans or advances from the Managing Member or its Affiliates to the Company, and (ii) the Company has no unsatisfied obligation to make any payments of any kind to the Managing Member or its Affiliates.

(k) ***Liens.*** The Company owns the Project and each of the Units free and clear of any liens, charges, or encumbrances other than the mortgages for the Loans, matters set forth in the title insurance policy, and mechanics' or other liens which have been bonded against in such a manner as to preclude the holder of such lien from having any recourse to the State Investor Member, the Federal Investor Member, the Project, any of the Units, or the Company for payment of any debt secured thereby, and the Managing Member has not received notice of any such liens, charges, or encumbrances.

(l) ***Consents and Approvals.*** All consents or approvals of any governmental authority, or any other Person, necessary to admit the State Investor Member and the Federal

Investor Member to the Company have been obtained by the Managing Member, and all consents or approvals of any governmental authority, or any other Person, necessary in connection with the transactions contemplated by this Agreement have been obtained, or will be obtained in a timely manner, by the Managing Member.

(m) ***Public Utilities.*** All appropriate roadways and public utilities necessary to the operation of the Project, including, but not limited to, sanitary and storm sewers, water, gas (if applicable), and electricity, are available to and are (or will be by, and at all times after, the Completion Date) connected to the Project and each of the Units.

(n) ***Loan Documents and Project Documents.*** All Loan Documents and Project Documents are in accord with applicable laws, codes, and regulations, and the construction and/or rehabilitation of the Project will be completed in accordance therewith.

(o) ***Environmental Matters.*** Except as set forth in the reports listed in Exhibit A, Section 8(c) (the "***Environmental Reports***"), to the best of the Managing Member's knowledge, after diligent inquiry, there are not, in, on, or under the Project: (i) any Hazardous Materials; (ii) any underground storage tanks; (iii) accumulations of debris, mining spoil, or spent batteries, except for ordinary garbage stored in receptacles for regular removal; or (iv) any other conditions which could result in liability for an owner or operator of the Project under any federal, state, or local law, rule, regulation, or ordinance. In addition, to the best of the Managing Member's knowledge, the Project is in compliance with all applicable Environmental Laws, and the Managing Member has not received notice of any violations of the Environmental Laws. If any such substance (including lead-based paint and asbestos) or pollutant was found to exist or be present, it either has been or will be removed from the Project and disposed of or encapsulated and/or otherwise corrected, contained and made safe and inaccessible, all in strict accordance with federal, state, and local laws, rules, regulations, or ordinances, any recommendations set forth in the Environmental Reports, and any requirements in the Loan Documents. If this representation shall at any time be untrue, the Company shall, at the Managing Member's expense, obtain a further environmental report of such scope as the Members may decide.

(p) ***Non-Occurrence of Events.*** No event has occurred which has caused and the Managing Member has not acted in any manner which will cause the Company to fail to qualify as a limited liability company under the Act or the State Investor Member and/or the Federal Investor Member to be liable for any Company obligations.

(q) ***Securities Registration and Filings.*** The Company is under no obligation under any federal or state securities law, rule, or regulation to register the Interests or to file any notice in order to comply with any exemption available for the sale of Interests without registration.

(r) ***Tax-Exempt Use Property.*** The Managing Member or its Affiliates have taken all necessary and appropriate actions to prevent any portion of the Project from being treated as "tax-exempt use property" as defined in Section 168(h) of the Code.

(s) ***Title Policy.*** The Company has obtained a title insurance policy in the amount set forth in Exhibit A, Section 8(e)(1).

(t) ***Restrictions on Sale and Refinancing of the Project.*** As of the Admission Date, there are no restrictions on the sale or refinancing of the Project, other than as set forth in the Loan Documents, the Project Documents, and the Extended Use Agreement.

(u) ***Tax Elections under the Code.*** Neither the Company nor any Member has made any election pursuant to Treasury Regulations Section 301.7701-3 (or otherwise) for the Company to be treated for federal income tax purposes as an association taxable as a corporation or in any way other than as a partnership. The Company has not made any elections under the Code without the consent of the Federal Investor Member that would affect the amount, timing, availability, or allocation of Federal LIHT Credit and/or the Federal HIT Credit and/or without the consent of the State Investor Member that would affect the amount, timing, availability, or allocation the State HIT Credit.

(v) ***Placed in Service Date.*** As of the date hereof, the building in the Project has not been placed in service for purposes of the Federal HIT Credit and the State HIT Credit.

4.11 Covenants of the Managing Member.

The Managing Member covenants to the State Investor Member and the Federal Investor Member and the Company the matters set forth below:

(a) ***Occupancy of Units; Commencement of Federal LIHT Credit Period.*** The Managing Member shall at all times during the Compliance Period cause the Company to operate and hold one hundred percent (100%) of the Units for occupancy only to qualifying low-income tenants so that the Units qualify under Section 42 of the Code, charge such tenants rental rates no greater than permitted under Section 42 of the Code, and in all other respects comply with the provisions of Section 42 of the Code and any state or local law necessary for the Project to qualify for the Federal LIHT Credit.

Prior to the filing of the Company's income tax returns, the Managing Member shall consult the Federal Investor Member with respect to whether the Company shall elect under Section 42(f)(1) of the Code to defer the beginning of the Federal LIHT Credit Period with respect to any Project building, and the Federal Investor Member may consult with the Accountants as it deems appropriate regarding such elections and other tax reporting issues. The Managing Member shall cause the Company's income tax returns for all relevant years to be filed in accordance with the Federal Investor Member's decision regarding such elections under Section 42(f)(1) of the Code.

(b) ***Economic Risk of Loss on the Loans; Liability of Limited Liability Company for Loans.*** Neither the Managing Member nor any Affiliate thereof will at any time become subject to any economic risk of loss within the meaning of Treasury Regulations Section 1.752-2 with respect to any principal or interest due under the Loans. The Managing Member agrees that it will take all steps necessary to prevent the State Investor Member and the Federal Investor Member at any time from becoming personally liable for payment or performance under any of the Loan Documents.

(c) ***Legal Opinion of the Federal Investor Member's Tax Counsel.*** The Managing Member shall, promptly as and when requested, furnish to counsel for the State Investor Member

and the Federal Investor Member all documents requested by such counsel in connection with the rendering of any legal opinion concerning federal or state income tax issues relating to the State Investor Member's and the Federal Investor Member's investment in the Company.

(d) ***Construction of the Project; Certificate of Occupancy; Permits and Licenses.*** The Managing Member shall cause the construction and/or rehabilitation of the Project to be completed substantially in accordance with the Project Documents.

(e) ***Notices to the Federal Investor Member.*** The Managing Member shall forward to the Federal Investor Member, within ten (10) business days of receipt thereof:

(i) any notice of default (or event which, with the giving of notice or the passage of time or both, would constitute a default) under any of the Loan Documents or the Project Documents. In addition, the Managing Member shall forward to the Federal Investor Member, within ten (10) business days of receipt thereof, a copy of any notice of default (or event which, with the giving of notice or the passage of time or both, would constitute a default) under any other contract, agreement, or instrument which relates to the Company;

(ii) notice of commencement of any litigation, action, investigation, event, or proceeding which, if adversely resolved, would: (i) have a material adverse effect on the Company or the Project; (ii) have a material adverse effect on the ability of the Managing Member or any of its Affiliates to perform their respective obligations under this Agreement; (iii) have a material adverse effect on the financial condition of the Managing Member; or (iv) constitute or result in, if true, a material breach of any representation, warranty, covenant, or agreement set forth in this Agreement;

(iii) any liens, charges, or encumbrances affecting the Project (or notice thereof) other than the mortgages for the Loans and matters set forth in the title insurance policy;

(iv) notice of any violation with respect to the Project of any law, rule, regulation, order, or decree of any governmental authority having jurisdiction which would have a material adverse effect on the Project or the construction and/or rehabilitation, use, occupancy, or operation thereof, including any revocation of building, zoning, and other applicable certificates, permits, and licenses necessary to permit the construction and/or rehabilitation, use, occupancy, and operation of the Project;

(v) notice that any appropriate roadway or public utility necessary to the operation of the Project, including, but not limited to, sanitary and storm sewers, water, gas (if applicable), and electricity, is not available to and connected to the Project and each of the Units; and

(vi) copies of all correspondence relating to the Company or Project from the VHDA, the Virginia Department of Taxation, and/or the IRS, including but not limited to IRS Form 8823 reports (the Federal Investor Member may receive this information directly).

(f) ***Compliance With Laws.*** The Managing Member will cause the Project, including each of the Units, to be operated in compliance with all applicable zoning and subdivision ordinances, rules, and regulations.

(g) ***Compliance With Residential Lease Agreement.*** The Managing Member will cause the Company to comply with all of the terms and conditions of the residential lease agreement for each of the Units and shall require the residential tenants for the Units in the Project to enter into leases having a minimum initial term of at least six (6) months, or such longer period as may be required to comport with the requirements of Section 42 of the Code.

(h) ***Public Utilities.*** The Managing Member will cause the Company to keep all public utilities necessary to the operation of the Project, including, but not limited to, sanitary and storm sewers, water, gas (if applicable), and electricity, operating in working condition, to the extent required by law.

(i) ***No Employees.*** The Managing Member shall not permit any person to become an employee of the Company.

(j) ***Compliance With Environmental Laws.*** The Managing Member shall take all necessary action within its control to ensure that the Project is in compliance with the Environmental Laws at all times and that the Project remains free from the presence of any Hazardous Materials in, on, or under the Project. The Managing Member shall promptly deliver any notice it may receive of any violation of the Environmental Laws to the State Investor Member and the Federal Investor Member. If at any time during the Term the Managing Member, the State Investor Member, or the Federal Investor Member determines that the representations and covenants related to environmental laws may not have been true when made, or may have become untrue, the Company shall promptly obtain an environmental audit of the Project. The scope of such audit and the entity performing it shall be determined by the Managing Member with the consent of the Federal Investor Member.

(k) ***Maintenance of Limited Liability Status.*** The Managing Member shall take all actions necessary or required to maintain the Company as a limited liability company in good standing in the State (and any other applicable jurisdiction that is necessary), including, without limitation, the making of all necessary filings and the payment of all fees, taxes, and other sums necessary to protect the limited liability of the State Investor Member and the Federal Investor Member and for the Company to operate as a limited liability company in the State (and any other applicable jurisdiction) and engage in its business.

(l) ***Proposals to Acquire the Project or Interest of the Federal Investor Member.*** The Managing Member shall investigate and report to the Federal Investor Member any proposal or offer of any Person, including the Managing Member, to acquire the Project or the Interest of the Federal Investor Member.

(m) ***Loans Made by the Managing Member or its Affiliates.*** Other than as required herein, there will be no outstanding loans or advances from the Managing Member or any of its Affiliates to the Company, and the Company will have no unsatisfied obligation to make any payments of any kind to the Managing Member or any of its Affiliates.

(n) ***Monthly Construction Reports to the Federal Investor Member.*** Until the Completion Date, the Managing Member shall provide the Federal Investor Member monthly

reports signed by the Architect regarding the status of the construction and/or rehabilitation of the Project.

(o) ***Construction Completion Guaranty.*** The Managing Member will secure from the General Contractor a construction completion guaranty, to be secured with a letter of credit, a one hundred percent (100%) payment and performance bond, or other assurances acceptable to the Federal Investor Member. Notwithstanding the foregoing, the Federal Investor Member agrees that any construction completion guaranty required by VHDA shall satisfy the foregoing covenant.

(p) ***Income Tax Returns.*** The Managing Member shall provide the Company with such information and sign such documents as are necessary for the Company, the State Investor Member, and the Federal Investor Member to make timely, accurate, and complete submissions of federal and state income tax returns.

(q) ***Common Area Fees.*** No separate fee will be charged to tenants of the Project for the use of any of the Project's common area facilities, other than parking, laundry, and vending machines that may be made available by the Company and used on the Project premises.

(r) ***Tax Basis Elections.*** The Managing Member will execute on behalf of the Company all documents necessary to elect, pursuant to Sections 734, 743 and 754 of the Code, to adjust the basis of any Company property, if, in the sole opinion of the Federal Investor Member, such election would be advantageous to the Federal Investor Member and such election would not be detrimental to the State Investor Member; and the Managing Member will cause the Company to make such elections on the IRS Form(s) 8609 (Low Income Housing Credit Allocation Certification) as, in the sole opinion of accountants for the Federal Investor Member, are advantageous to the Federal Investor Member.

(s) ***Occupancy by Students.*** At all times during the Compliance Period, no Unit in the Project shall be rented or occupied entirely by full-time "students" (as defined in Section 151(c)(4) of the Code), unless all occupants qualify under one of the exceptions set forth in Section 42(i)(3)(D) of the Code.

(t) ***Rental to Low-Income Tenants.*** At all times during the Compliance Period, the Managing Member shall cause the Company to comply with and satisfy such restrictions and requirements that may be imposed upon the Project in connection with the VHDA's allocation of Federal LIHT Credit.

(u) ***Restrictions on Sale or Refinancing.*** Throughout the Term, there will continue to be, with respect to matters within the control of the Managing Member, no restrictions on the sale or refinancing of the Project, other than as set forth in the Loan Documents, the Project Documents, and the Extended Use Agreement, and the Managing Member will not do anything and will not fail to do anything within its control which could cause there to be restrictions on the sale or refinancing of the Project, other than as set forth in the Loan Documents, the Project Documents, and the Extended Use Agreement.

(v) ***Change in Control of the Managing Member.*** The Managing Member shall not permit its shareholders, members, or partners to convey more than fifty percent (50%) of his, her,

or its ownership interest in the Managing Member without the consent of the Federal Investor Member.

(w) ***Federal HIT Credit and State HIT Benefits Tax Benefits.*** The Company will use diligent efforts to (i) rehabilitate the "Southern Stove Works" located at 516-520 Dinwiddie Avenue, Richmond, Virginia, (ii) thereafter operate the building as a Certified Historic Structure as required by the Code in order to qualify for and maintain the Federal HIT Credit and State HIT Credit and other tax benefits anticipated in connection therewith, and (iii) allocate the Federal HIT Credit and the State HIT Credit according to the terms of this Agreement.

(x) ***Substantial Rehabilitation.*** At the Completion Date, the qualified rehabilitation expenditures with respect to the Certified Historic Structure will be sufficient to qualify the Certified Historic Structure as "substantially rehabilitated" within the meaning of Section 47(c)(1)(C) of the Code and the provisions of the Code of Virginia and the Virginia Administrative Code.

(y) ***Tax Elections.*** The Company will not make any elections under the Code without the consent of the Federal Investor Member that would affect the amount, timing, availability, or allocation of the Federal LIHT Credit and/or the Federal HIT Credit or without the consent of the State Investor Member that would affect the amount, timing, availability, or allocation the State HIT Credit.

(z) ***Historic Certification.*** The Managing Member shall take all actions necessary in order to obtain a Part 3 Certification by the National Park Service and the DHR Part 3 Certificate form the Virginia Department of Historic Resources for the "Southern Stove Works" located at 516-520 Dinwiddie Avenue, Richmond, Virginia, by December 31, 2010.

(aa) ***Tax-Exempt Use Property.*** No part of the Project for which the Company is or will be entitled to depreciation or amortization deductions will be treated as "tax-exempt use property" within the meaning of Section 168(h) of the Code. At all times during the term of this Agreement, no more than a combined total of fifty percent (50%) of the rentable floor space in the building in the Project will be leased to any federal, state, or local government, agency, or instrumentality, any other organization exempt from federal income tax, or any foreign individual or entity (i) for lease terms in excess of twenty (20) years, (ii) to such entity or its Affiliate where prior to such lease the entity or an Affiliate thereof was a seller, transferor, or lessor of the Project after the entity or an Affiliate thereof used the Project, or (iii) under a lease that provides a fixed or determinable purchase price or sale option, or the equivalent of such an option, involving such entity or an Affiliate thereof.

(bb) ***Certified Historic Structure.*** The rehabilitation of the "Southern Stove Works" located at 516-520 Dinwiddie Avenue, Richmond, Virginia, shall comply with the Historic Preservation Certificate Standards and all requirements to provide the Federal HIT Credit and the State HIT Credit identified in Exhibit A attached hereto.

Upon the occurrence of any breach of any representation or warranty contained in Section 4.10 or any covenant contained in Section 4.11, the Managing Member shall diligently attempt to cure such breach. In the event that: (a) such breach has a material adverse impact on

the Company, the State Investor Member, or the Federal Investor Member, and (b) such breach is not susceptible to cure or the Managing Member fails to pursue a cure diligently, the Federal Investor Member may pursue any available remedy against the Managing Member, without being required to dissolve the Company and notwithstanding the availability of any other remedy.

4.12 Managing Member To Receive No Compensation.

The Managing Member shall not be entitled to receive any compensation in connection with serving as the Managing Member, provided, however, the Managing Member shall receive an Incentive Management Fee in accordance with Exhibit E and may receive fees as otherwise specifically described in this Agreement.

4.13 The Managing Member's Obligation to Complete Construction and Achieve the Lease-Up Date.

(a) ***General Obligation.*** The Managing Member shall cause the Company to (i) complete construction and/or rehabilitation of the Project in a good and workmanlike manner, free and clear of all mechanics', materialmen's, or similar liens, and equip the Project with all necessary and appropriate fixtures, equipment, and articles of personal property, all in accordance with the Loan Documents and the Project Documents; (ii) meet all requirements for obtaining and maintaining all necessary certificates of occupancy and use permits for the Units; (iii) ensure funding of the Operating Reserve; (iv) provide for all other actions and performance required to arrive at Cost Certification; and (v) achieve the Lease-Up Date, in each case in conformity with the Loan Documents and Project Documents.

(b) ***Development Advances.*** If the Designated Proceeds and the Lease-Up Reserve are insufficient to:

(i) cause the construction and/or rehabilitation of the Project to be completed in a good and workmanlike manner, free and clear of all mechanics', materialmen's or similar liens, and cause the Project to be equipped with all necessary and appropriate fixtures, equipment, and articles of personal property, all in accordance with the Loan Documents and the Project Documents;

(ii) arrive at Cost Certification in conformity with the Project Documents;

(iii) discharge all Company liabilities and obligations arising out of any casualty arising prior to the Completion Date giving rise to insurance proceeds;

(iv) meet all requirements for obtaining and maintaining all necessary certificates of occupancy and use permits;

(v) pay or provide for (a) all requirements of the ongoing business operations of the Company prior to the Completion Date, including the payment in the ordinary course of business of all accounts payable and accrued expenses, and (b) funding, as of the Completion Date, of Company reserves to the extent required by the Loan Documents and the Project Documents and as reasonable business practices would require;

(vi) pay or provide for all amounts necessary to correct latent defects occurring within one (1) year after the Completion Date applicable to the period prior to the Completion Date; and

(vii) achieve the Lease-Up Date,

the Managing Member shall advance or cause to be advanced to the Company, from time to time as needed, funds required to pay such deficiencies at such time as those costs and expenses become due and payable ("***Development Advances***"). The funds provided by the Managing Member pursuant to this Section 4.13(b) shall be repayable, without interest, in accordance with Sections 7.01(b) and Section 7.02. The Managing Member's obligations under this Section 4.13 are guaranteed by the Guarantor pursuant to the terms of the Guaranty Agreement and the Unconditional Construction Completion Guaranty Agreement, attached hereto as Exhibit F.

4.14 Operating Deficits.

If, at any time or from time to time after the Lease-Up Date, an Operating Deficit exists that is not funded from the Operating Reserve, the Managing Member shall loan funds (an "***Operating Deficit Loan***") to the Company in an amount equal to the Operating Deficit. The Managing Member's obligation to make Operating Deficit Loans shall be limited to the amount provided in Exhibit A, Section 7(b). The obligation of the Managing Member to make Operating Deficit Loans shall terminate upon of the events described in Exhibit A, Section 7(b). Operating Deficit Loans shall be repayable, without interest, solely in accordance with Sections 7.01(b) and Section 7.02. The Managing Member's obligations under this Section 4.14 are guaranteed by the Guarantor pursuant to the terms of the Guaranty Agreement attached hereto as Exhibit F.

4.15 Developer Fee Guaranty Advances.

As of December 31, 2022, if the Developer Fee has not been paid for any reason, the Managing Member shall make a developer fee guaranty advance to the Company ("***Developer Fee Guaranty Advance***") in the amount of the Deferred Developer Fee. The Developer Fee Guaranty Advance shall be advanced to the Company on or before such date and shall be used by the Company to pay the amount of the Deferred Developer Fee. The Developer Fee Guaranty Advance shall not affect the Percentage Interest of the Managing Member. Developer Fee Guaranty Advances shall be repaid by the Company without interest, solely in accordance with Section 7.01(b) and Section 7.02. The Managing Member's obligations under this Section 4.15 are guaranteed by the Guarantor pursuant to the terms of the Guaranty Agreement, attached hereto as Exhibit F.

4.16 Asset Management Fee Guaranty Advances.

If Net Cash Flow is not sufficient to pay the Asset Management Fee in full for any year, the Managing Member shall make an asset management fee advance to the Company in an amount equal to the unpaid Asset Management Fee for that year (the "***Asset Management Fee Guaranty Advance***"). The Asset Management Fee Guaranty Advance shall be advanced to the Company no later than ninety (90) days after the end of the calendar year in which the Asset Management Fee was earned and shall be used by the Company to pay the amount of the unpaid

Asset Management Fee no later than one hundred twenty (120) days after the end of the calendar year for which the Asset Management Fee was earned. The Asset Management Fee Guaranty Advance shall not affect the Percentage Interest of the Managing Member. Asset Management Fee Guaranty Advances shall be repaid by the Company without interest, solely in accordance with Sections 7.01(b) and Section 7.02. The Managing Member's obligations under this Section 4.16 are guaranteed by the Guarantor pursuant to the terms of the Guaranty Agreement, attached hereto as Exhibit F.

4.17 The Managing Member Obligation to Purchase the Interest of the Federal Investor Member.

The Managing Member shall be obligated, at the election of the Federal Investor Member, to purchase the Interest of the Federal Investor Member for the amount of the then contributed Capital Contribution of the Federal Investor Member in the event that one of the following occurs:

(a) the Company's basis in the Project as of December 31, 2010 does not equal at least ten percent (10%) of the reasonably anticipated basis of the Company in the Project as of December 31, 2011;

(b) the building in the Project has not been placed in service in accordance with the requirements of Section 42 of the Code prior to December 31, 2011 or the Company does not receive IRS Form(s) 8609 prior to July 31, 2012;

(c) at any time before Break-Even, an action is commenced and successfully executed to foreclose, abandon, or permanently enjoin the construction and/or rehabilitation of the Project;

(d) the Project fails to achieve the minimum set-aside test or the rent restriction test under Section 42(g) of the Code prior to the end of the first year of the Federal LIHT Credit Period;

(e) Break-Even has not occurred within twenty-four (24) months of the Completion Date;

(f) a Part 3 Certification or DHR Part 3 Certification for the "Southern Stove Works" located at 516-520 Dinwiddie Avenue, Richmond, Virginia, has not been received prior to December 31, 2011; or

(g) the building in the Project has been placed in service for purposes of the State HIT Credit and the Federal HIT Credit prior to the date of this Agreement.

The Managing Member shall purchase the Interest of the Federal Investor Member for the amount of the then contributed Capital Contribution of the Federal Investor Member within thirty (30) days after Notice from the Federal Investor Member of its election to have its Interest purchased. Any such waiver of this right by the Federal Investor Member shall not constitute a waiver with respect to any future obligation of the Managing Member pursuant to this Section 4.17. The Managing Member's obligations under this Section 4.17 are guaranteed by the

Guarantor pursuant to the terms of the Guaranty Agreement, attached hereto as Exhibit F.

4.18 Dealing with Affiliates of the Managing Member.

The Managing Member may enter into agreements for the performance of services for the Company with an Affiliate thereof and may authorize the Management Agent to enter into such agreements, and the Managing Member may obligate the Company to pay compensation for and on account of any such services and may authorize the Management Agent to so obligate the Company; provided, however, such agreements, compensation, and services shall be (a) under commercially reasonable terms and (b) at costs not in excess of those that would be incurred in making an arm's-length purchase of comparable services.

4.19 Budget.

On or before November 15 of each year as required under Section 12.03(j), the Managing Member shall submit to CAHEC a proposed Budget for the ownership and operation of the Project, reflecting the reasonably projected income and expenses for the next calendar year. CAHEC may suggest changes and direct the Managing Member to correct any errors. Thereafter the proposed Budget shall become the Budget for the following year.

4.20 Insurance Requirements.

The Managing Member shall cause the Company to maintain insurance in accordance with Exhibit A, Section 8(e).

Article V
Rights and Obligations of the State Investor Member and the Federal Investor Member

5.01 Management of the Company.

Neither the State Investor Member not the Federal Investor Member shall take part in the management or control of the business of the Company, transact any business in the name of the Company, or have the power or authority to bind the Company. The State Investor Member and the Federal Investor Member shall have the right to have one or more of its representatives enter onto the Project and inspect and review the Project at all reasonable times.

5.02 Limitation on Liability of the State Investor Member and the Federal Investor Member.

Notwithstanding any other provision of this Agreement, the liability of the State Investor Member and the Federal Investor Member shall be limited to its Capital Contributions as and when payable hereunder. Except for their Capital Contribution obligations as provided in this Agreement and as specifically provided by the Act, the State Investor Member and the Federal Investor Member shall have no other liability (including, without limitation, to contribute money) regarding the liabilities, obligations, debts, or contracts of the Company, and the State Investor Member and the Federal Investor Member shall not be personally or individually liable for any liabilities, obligations, debts, or contracts of the Company.

5.03 Outside Activities of the State Investor Member and the Federal Investor Member.

Nothing contained in this Agreement shall be construed to limit in any manner the State Investor Member or the Federal Investor Member in the carrying on of its own businesses or activities. The State Investor Member and the Federal Investor Member may engage in and possess any interest in other business ventures (including partnerships and limited liability companies) of every kind, nature, and description, independently or with others, whether existing as of the date hereof or hereafter coming into existence, including, without limitation, acting as a member or partner in any entity which owns, directly or through interests in other entities, housing projects similar to, or in competition with, the Project. Neither the Company nor any of the Members shall have any rights by virtue of this Agreement in or to any such other business ventures or to the income or profits derived therefrom and nothing shall be construed to render them partners or joint venturers in any such business ventures.

5.04 Execution of Amendments.

The State Investor Member and the Federal Investor Member agree to sign and acknowledge any amendment to this Agreement adopted in accordance with the terms of this Agreement and to execute whatever further instruments shall be necessary or appropriate in connection therewith.

5.05 Asset Management Fee.

CAHEC shall consult with and advise the Managing Member in connection with (a) the preparation, content, and format of reports, financial statements, tax returns, and other

information submitted by the Company or third parties, (b) the financial operations and tenant-targeting goals, and (c) such other items as the Managing Member and CAHEC deem appropriate. In exchange for providing these services, the Company shall pay CAHEC an annual Asset Management Fee in the amount provided in Exhibit A, Section 8(b). The Asset Management Fee shall be earned beginning in the first year in which the Project is placed in service for purposes of Section 42 of the Code. The Asset Management Fee shall be paid from Net Cash Flow annually after the close of the calendar year for which the services were rendered; provided, however, that if the Project is placed in service during a calendar year, the Asset Management Fee for such calendar year shall be pro rated based on the number of full months that the Project was in service for such calendar year. If Net Cash Flow is not sufficient to pay the Asset Management Fee in the amount provided in Exhibit A, Section 8(b) for any year, the Managing Member shall make an Asset Management Fee Guaranty Advance pursuant to Section 4.16 in the amount of such shortfall and the balance of the Asset Management Fee shall be paid from the proceeds of such Asset Management Fee Guaranty Advance.

Article VI
Allocations of Profits and Losses

6.01 Establishment of Capital Accounts.

A separate capital account shall be maintained for each Member ("***Capital Account***"). Such Capital Accounts shall be maintained and adjusted by the Managing Member, after consultation with the Federal Investor Member, in accordance with Treasury Regulations Section 1.704-1(b). To each Member's Capital Account there shall be credited the amount of cash and the fair market value (as of the date of contribution) of any property (net of liabilities securing the contributed property that the Company assumes or subject to which the Company takes the contributed property) treated as a Capital Contribution by such Member pursuant to any provision of this Agreement and such Member's distributive share of Net Profits and Gains and any item in the nature of income or gain allocated to such Member under Section 6.03 below. To each Member's Capital Account there shall be debited the amount of cash and the fair market value (as of the date of distribution) of any Company property (net of liabilities securing the distributed property that such Member assumes or subject to which such Member takes the distributed property) distributed to such Member pursuant to any provision of this Agreement and such Member's distributive share of Net Losses and Loss and any items in the nature of expenses or deductions that are allocated to such Member pursuant to Section 6.03 below.

In addition, each Member's Capital Account shall be adjusted (a) upon an in-kind distribution as provided in Section 7.03 of this Agreement, as required under Treasury Regulations Section 1.704-1(b)(2)(iv)(e); (b) upon an adjustment to the basis of any Company asset(s) pursuant to a Section 754 of the Code election, to the extent required under Treasury Regulations Section 1.704-1(b)(2)(iv)(m); (c) upon an adjustment of the book basis of any Company asset(s) upon any new or existing Member's Capital Contributions of property (other than a de minimis amount) in exchange for acquisition of an additional Interest or upon a distribution to a Member of more than a de minimis amount of property in consideration for an interest in the Company, as required under Treasury Regulations Section 1.704-1(b)(2)(iv)(g); and (d) as may be otherwise required under Treasury Regulations Section 1.704-1(b)(2)(iv).

6.02 Profits, Losses, and Credits.

(a) After giving effect to the special allocations set forth in Section 6.03 below, the Net Profits, Net Losses, Loss, and credits of the Company shall be allocated to the Members in proportion to their Percentage Interests.

(b) After giving effect to the special allocations set forth in Section 6.03 below, Gain shall be allocated among the Members as follows:

(i) first, to any Member(s) having a negative Capital Account balance (prior to taking into account the event giving rise to the Gain), in proportion to the amount(s) by which such balance(s) are negative, to the extent necessary so that no Members have a negative balance;

(ii) second, to the Federal Investor Member until the balance in its Capital Account is no less than the sum of (A) any unpaid Credit Deficiency, (B) the amount of the income tax liability imposed on the Federal Investor Member from the Gain based on the effective federal and state combined corporate income tax rate (assuming the highest marginal federal and state rates) applicable at the time of such transaction, and (C) the amount necessary to provide the Federal Investor Member with its Total Benefits;

(iii) third, to the State Investor Member until the balance in its Capital Account is no less than the sum of (A) any unpaid Credit Deficiency, and (B) the amount of the income tax liability imposed on the State Investor Member from the Gain based on the effective federal and state combined corporate income tax rate (assuming the highest marginal federal and state rates) applicable at the time of such transaction; and

(iv) the balance, among the Members so that, to the extent possible, the balance of the State Investor Member's Capital Account and the Federal Investor Member's Capital Accounts in excess of the balance described in Sections 6.02(b)(ii) and 6.02(b)(iii) and the balance in the Managing Member's Capital Account is in the same ratios as the distributions provided in Section 7.02(d).

(c) For purposes of the allocations of Gain and Loss, a Member's Capital Account shall be determined immediately prior to the event giving rise to the Gain and Loss as if, at such time, the books of the Company had been closed as though at the end of the taxable year.

(d) Notwithstanding any other provision of this Agreement to the contrary, the State HIT Credit shall be allocated solely and in their entirety to the State Investor Member.

6.03 Special Allocations and Limitations.

The provisions set forth in this Section 6.03 shall apply notwithstanding the provisions of Section 6.02. If there is a conflict between any of the following provisions, the earlier listed provision shall govern.

(a) If there is a net decrease in Minimum Gain attributable to Nonrecourse Liabilities during any taxable year, each Member who has a share of the Minimum Gain attributable to such Nonrecourse Liabilities (as such share is determined pursuant to Treasury Regulations Section 1.704-2(g)) shall be specially allocated a pro rata portion of all items of Company income and gain for such year (and, if necessary, for succeeding years) in proportion to, and to the extent of, an amount equal to each Member's share of the net decrease in Minimum Gain (as such share is determined pursuant to Treasury Regulation Section 1.704-2(g)(2)). Notwithstanding the preceding sentence, a Member shall not be specially allocated items of Company income and Gain to the extent:

(i) such Member's share of the net decrease in the Minimum Gain is caused by a guarantee, refinancing, or other change in the debt instrument causing it to become partially or wholly recourse debt or Partner Nonrecourse Debt, and such Member bears the economic risk of loss (within the meaning of Treasury Regulations Section 1.752-2) for the newly guaranteed, refinanced, or otherwise changed liability;

(ii) such Member contributes capital to the Company that is used to repay the Nonrecourse Liability, and such Member's share of the net decrease in Minimum Gain results from the repayment; or

(iii) the Commissioner of the IRS waives or excepts such an allocation pursuant to Treasury Regulations Sections 1.704-2(f)(4) or (5).

It is the intent that items to be so allocated shall be determined and the allocations made in accordance with, and only to the extent required by, the minimum gain chargeback requirement of Treasury Regulations Section 1.704-2(f), and this Section 6.03(a) shall be interpreted consistently therewith.

(b) If there is a net decrease in Minimum Gain attributable to Partner Nonrecourse Debt during any taxable year, each Member who has a share of the Minimum Gain attributable to such Partner Nonrecourse Debt (as such share is determined in a manner consistent with Treasury Regulations Section 1.704-2(g)) shall be specially allocated a pro rata portion of all items of Company income and gain for such year (and, if necessary, for succeeding years) to the extent of an amount equal to such Member's share of the net decrease in such Minimum Gain (as such share is determined in a manner consistent with Treasury Regulations Section 1.704-2(g)(2)). Notwithstanding the preceding sentence, a Member shall not be specially allocated items of Company income and gain to the extent:

(i) the net decrease in such Minimum Gain arises because the liability ceases to be Partner Nonrecourse Debt due to a conversion, refinancing, or other change in the debt instrument that causes it to become partially or wholly a Nonrecourse Liability; or

(ii) Treasury Regulations Section 1.704-2(i) otherwise so provides.

It is the intent that items to be so allocated shall be determined and the allocations made in accordance with, and only to the extent required by, the minimum gain chargeback requirement of Treasury Regulations Section 1.704-2(i), and this Section 6.03(b) shall be interpreted consistently therewith.

(c) If a Member unexpectedly receives in any taxable year any adjustments, allocations, or distributions described in Treasury Regulations Section 1.704-1(b)(2)(ii)(d)(4), (5) or (6) that cause or increase an adjusted Capital Account deficit of such Member, items of Company income and gain shall be specially allocated to such Member in such taxable year (and, if necessary, in succeeding taxable years) in an amount and manner sufficient to eliminate, to the extent required by the Treasury Regulations, the adjusted Capital Account deficit of such Member as quickly as possible. It is the intent that items to be so allocated shall be determined, and the allocations made, in accordance with the qualified income offset provision of Treasury Regulations Section 1.704-1(b)(2)(ii)(d), and this Section 6.03(c) shall be interpreted consistently therewith.

(d) No Net Losses, Loss, or Company deductions for any taxable year shall be allocated to the State Investor Member and the Federal Investor Member to the extent such allocation would cause or increase an adjusted Capital Account deficit with respect to such Member, and such Net Losses, Loss, or Company deductions instead shall be allocated to the

Managing Member. The adjusted Capital Account deficit is the deficit balance, if any, in the State Investor Member's and the Federal Investor Member's Capital Accounts as of the end of the relevant fiscal year, after giving effect to the following adjustments:

(i) credit to such Capital Account any amounts that such Member is obligated to restore pursuant to any provision of this Agreement, is otherwise treated as being obligated to restore under Treasury Regulations Section 1.704-1(b)(2)(ii)(c), or is deemed to be obligated to restore pursuant to the penultimate sentences of Treasury Regulations Sections 1.704-2(g)(1) and 1.704-2(i)(5); and

(ii) debit to such Capital Account the items described in Treasury Regulations Section 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 Treasury Regulations Section 1.704-1(b)(2)(ii)(d) and shall be interpreted consistently therewith.

(e) If in any taxable year there is a net increase during such year in the amount of Minimum Gain attributable to a Partner Nonrecourse Debt, any Member bearing the economic risk of loss with respect to such debt (within the meaning of Treasury Regulations Section 1.752-2) shall be specially allocated items of Company loss or deduction in an amount equal to the excess of (i) such Member's share of the amount of such net increase, over (ii) the aggregate amount of any distributions during such year to such Member of the proceeds of such debt that are allocable to such increase in Minimum Gain. It is the intent that items to be so allocated shall be determined and the allocations made in accordance with the required allocation of "partner nonrecourse deductions" pursuant to Treasury Regulations Section 1.704-2(i), and this Section 6.03(e) shall be interpreted consistently therewith.

(f) The special allocations set forth in Sections 6.03 (a), (b), (c), (d), and (e) (the "***Regulatory Allocations***") are intended to comply with certain requirements of Treasury Regulations Sections 1.704-1(b) and 1.704-2. Notwithstanding any other provision of this Article VI, the Regulatory Allocations shall be taken into account in allocating other profits, losses, and other items of income, gain, loss, and deduction to the Members so that, to the extent possible, the net amount of such allocations of profits, losses, and other items shall be equal to the amount that would have been allocated to each Member had the Regulatory Allocations not occurred. Furthermore, notwithstanding the other provisions of this Article VI, allocations of income (including gross income), gain, loss, and deductions made in the year that substantially all of the Company's assets are sold and in the year that the Company terminates and winds up shall be made in such a manner that when the Company liquidates in accordance with the positive balances in the Members' Capital Accounts, each Member will receive the amount the Member would have received had the Company's assets been distributed in accordance with the priorities set forth in Section 7.02 of the Agreement. In addition, if in any year the Regulatory Allocations alter the allocations of tax items to the Members, depreciation deductions shall, to the greatest extent possible, nevertheless be allocated to the Members in proportion to their Percentage Interests.

(g) Notwithstanding anything to the contrary in this Article VI (but after giving effect to Section 6.02(d)), except for the Regulatory Allocations and subject thereto, the interest of the Managing Member (or the successor Managing Member) at all times during the existence of the Company in each material item of Company income, gain, loss, deduction, and credits will be equal to at least the amount of its Percentage Interest of each such item.

(h) If a deduction for any fee paid in accordance with this Agreement (including the Exhibits hereto) is denied by the IRS on the basis that such fee was a distribution to a Member by the Company, the Member which received such fee (or is an Affiliate of the party which received such fee) shall be specially allocated an amount of gross income equal to the amount of the disallowed deduction.

(i) Any taxable income of the Company resulting from its receipt of donations contributions, payments, grants, and subsidies shall be specially allocated to the Managing Member.

(j) The Percentage Interest of the Members in the Net Profits, Net Losses, Gain, and Loss or items thereof shall remain as set forth above unless changed by amendment to this Agreement or by an assignment of an Interest authorized by the terms of this Agreement. Except as otherwise provided herein, for tax purposes, all items of income, gain, loss, deduction, or credits shall be allocated to the Members in the same manner as are Net Profits from operations; provided, however, that with respect to property contributed to the Company by a Member, such items, solely for income tax purposes, shall be shared among the Members so as to take into account the variation between the basis of such property and its fair market value at the time of contribution in accordance with Section 704(c) of the Code.

(k) Solely for purposes of determining a Member's proportionate share of the "excess nonrecourse liabilities" of the Company within the meaning of Treasury Regulations Section 1.752-3(a)(3), each Member's respective interest in Company profits shall equal the Member's Percentage Interest.

(l) Notwithstanding any other provision of this Agreement to the contrary, the State HIT Credit shall be allocated solely and in their entirety to the State Investor Member.

6.04. Additional Definitions.

Gain: The income and gain of the Company for federal income tax purposes arising from a sale or other disposition of all or any portion of the Company property. If the value at which any asset is carried on the books of the Company pursuant to the capital account maintenance rules of Treasury Regulations Section 1.704-1(b) differs from its adjusted tax basis and gain or loss is recognized from a disposition of such asset, Gain or Loss shall be computed by reference to the asset's book basis rather than its adjusted tax basis.

Loss: The loss of the Company for federal income tax purposes arising from a sale or other disposition of all or any portion of the Company property. If the value at which an asset is carried on the books of the Company pursuant to the capital account maintenance rules of Treasury Regulations Section 1.704-1(b) differs from its adjusted tax basis and gain or loss is

recognized from a disposition of such asset, Gain or Loss shall be computed by reference to the asset's book basis rather than its adjusted tax basis.

Minimum Gain: The amount determined by computing for each Nonrecourse Liability and Partner Nonrecourse Debt, the amount of Gain, if any, that would be realized by the Company if it disposed of the asset securing such liability for no consideration other than full satisfaction of the liability, and by then aggregating the separately computed Gain. For purposes of determining the amount of such Gain with respect to a particular Nonrecourse Liability or Partner Nonrecourse Debt, the adjusted basis for federal income tax purposes (or its adjusted book value if it is carried on the Company's books, maintained in accordance with Treasury Regulations Section 1.704-1(b)(2)(iv), at a value different from its adjusted tax basis) of the asset securing the liability shall be allocated among all the liabilities that the asset secures in the manner set forth in Treasury Regulations Section 1.704-2(d)(2)(ii) (or successor provisions). It is the intent that Minimum Gain shall be computed in accordance with Treasury Regulations Section 1.704-2(d).

Net Losses or ***Net Profits***: The net loss or net income of the Company for federal income tax purposes for each taxable year or other period, calculated without regard to Gain or Loss and without regard to those items which are specially allocated in accordance with the Regulatory Allocations; provided, however, that in determining Net Losses or Net Profits: (a) any tax-exempt income received by the Company shall be included as an item of gross income; (b) any expenditure of the Company described (or treated under Treasury Regulations Section 1.704-1(b)(2)(iv)(i) as described) in Section 705(a)(2)(B) of the Code shall be treated as a deductible expense; (c) any payment of property management fees, Asset Management Fee, or Incentive Management Fee, even if to a Member or Affiliate thereof, shall be treated as a deductible expense paid to a third party unrelated to any Member (and shall not be treated as a distribution or allocation to a Member of Company income); and (d) if the Company's adjusted basis of an asset for book purposes differs from its adjusted basis in the asset for federal income tax purposes at the beginning of such year or other period (or, if later, at the time the Company acquires the asset), in lieu of the depreciation, amortization, and other cost recovery deductions taken into account in computing taxable income or loss, the amount for depreciation, amortization, and other cost recovery deductions shall be equal to an amount which bears the same ratio to such beginning book basis as the federal income tax depreciation, amortization, or other cost recovery deduction for such year or other period bears to such beginning adjusted tax basis.

Nonrecourse Liability: Any Company liability (or portion thereof) for which no Member bears (or is deemed to bear) the economic risk of loss within the meaning of Treasury Regulations Section 1.752-2.

Partner Nonrecourse Debt: Any Company liability to the extent the liability is nonrecourse for purposes of Treasury Regulations Section 1.1001-2, and a Member (or Person "related" to a Member within the meaning of Treasury Regulations Section 1.752-4(b)) bears (or is deemed to bear) the economic risk of loss under Treasury Regulations Section 1.752-2.

Article VII
Distributions

7.01 Net Cash Flow.

(a) ***Determination of Net Cash Flow.*** For any fiscal year, the "Net Cash Flow" is the excess of the Gross Revenues of the Company over the sum of the Operating Expenses of the Company. Net Cash Flow shall be determined separately for each fiscal year and shall not be cumulative.

(b) ***Distribution of Net Cash Flow.*** Net Cash Flow, to the extent available (and subject to the terms of the Loan Documents), shall be distributed and applied within ninety (90) days after the close of each fiscal year (and at such other times as determined by Managing Member), in the following order of priority:

(i) to reimburse the State Investor Member and the Federal Investor Member, pari passu, for any Credit Deficiency or any loans made to the Company;

(ii) to replenish the Operating Reserves to the amount specified in Exhibit A, Section 6(a) or such higher amount as may be required by the VHDA;

(iii) to pay the Asset Management Fee in accordance with Section 5.05;

(iv) to pay the Deferred Developer Fee (if applicable);

(v) to repay the Managing Member for any Development Advances, Operating Deficit Loans, Developer Fee Guaranty Advances, Asset Management Fee Guaranty Advances, or other loans made by the Managing Member to the Company;

(vi) to pay the Incentive Management Fee in accordance with Exhibit E; and

(vii) to pay the balance to the Members according to their Percentage Interests, as provided in Exhibit A, Section 1.

7.02 Distributions of Sale Proceeds and Refinancing Proceeds.

Any Sale Proceeds (other than net proceeds upon liquidation of the Company resulting from the sale of the Company property which shall be governed by Article XI) and any Refinancing Proceeds shall be distributed to and among the Members in the following order:

(a) to repay, pari passu, any Credit Deficiency owed to the State Investor Member or the Federal Investor Member and to pay, pari passu, any taxes owed by the State Investor Member or the Federal Investor Member (assuming it is a taxpayer entity subject to income tax at the highest applicable corporate income tax rates) that result from the sale or refinancing of the Project;

(b) to pay the Federal Investor Member to the extent it has not received its Total Benefits;

(c) to repay the Managing Member for any Development Advances, Operating Deficit Loans, Developer Fee Guaranty Advances, Asset Management Fee Guaranty Advances, or other loans made by the Managing Member to the Company;

(d) to pay the balance forty-nine percent (49.0%) to the Managing Member, one percent (1.0%) to the State Investor Member, and fifty percent (50.0%) to the Federal Investor Member.

7.03 Distributions in Kind.

If any noncash assets are to be distributed to the Members, whether upon dissolution and liquidation of the Company pursuant to Section 11.02 or at any other time, they shall be distributed on the basis of their fair market value. Upon any distribution of noncash assets, the Capital Account balances of the Members shall be adjusted immediately before such distribution to reflect the Members' allocable shares of gain or loss that would have resulted upon a sale of the distributed property at its fair market value immediately prior to such distribution.

Article VIII
Admission of Successor or Additional Managing Member; Removal and Withdrawal of the Managing Member

8.01 Admission of Successor or Additional Managing Member.

(a) ***General.*** The Managing Member shall not have the right to retire or withdraw voluntarily from the Company or to sell, transfer, or assign all or any portion of its Interest, without the prior written consent of the Federal Investor Member, which consent may be withheld at the sole discretion of the Federal Investor Member. In the event that the Managing Member has obtained such prior written consent, the Managing Member shall designate one or more Persons to be its successor. In no event shall the Interests of the other Members be affected thereby. The designated successor Managing Member shall be admitted as such to the Company upon approval by the Federal Investor Member of the successor Managing Member and upon satisfying the conditions of this Agreement. The voluntary withdrawal by the Managing Member from the Company or any sale, transfer, or assignment by the Managing Member of its Interest shall be effective only upon the admission in accordance with this Agreement of a successor Managing Member.

(b) ***Obligation and Payment of Substitution Costs.*** The successor Managing Member shall pay to the Company all costs and expenses incurred in connection with such substitution, including, without limitation, legal and other costs incurred in the review and processing of the assignment, in amending this Agreement, and in making any filings required under the Act.

(c) ***Agreement to be Bound by this Agreement.*** The successor Managing Member shall by its execution of this Agreement and as a condition precedent to receiving any Interest in the Company agree to be bound by this Agreement to the same extent and on the same terms as the predecessor Managing Member.

(d) ***Amendment of this Agreement.*** Upon the admission of the successor Managing Member, an amendment to this Agreement reflecting such admission shall be executed by the appropriate parties, including the agreement set forth in Section 8.01(c). Any such amendments shall comply in all respects with the requirements of the Act and the successor Managing Member shall file any amended documents which may be required under applicable law upon any change in the Company or its information.

8.02 Removal of the Managing Member.

(a) ***Federal Investor Member's Right to Remove the Managing Member.*** The Federal Investor Member shall have the right to remove the Managing Member for any of the following reasons:

(i) the Managing Member has committed a Wrongful Act;

(ii) the Managing Member or the Company has taken any action which would (a) cause the termination of the Company for federal income tax purposes, (b) cause the Company to be treated for federal income tax purposes as an association taxable as a corporation,

(c) violate any federal or state securities laws, (d) cause the Company to fail to qualify as a limited liability company under the Act, or (e) cause the State Investor Member or the Federal Investor Member to be liable for Company obligations in excess of its Capital Contributions;

(iii) during the Compliance Period, the Managing Member or the Management Agent has operated the Project in a manner so as not to qualify as a "qualified low-income housing project" under Section 42(g)(1) of the Code;

(iv) the Company has violated any provision of the Loan Documents, or any applicable statute or regulation in any material respect;

(v) the occurrence of material unanticipated construction cost overruns, and/or Operating Deficits, unless such overruns and/or Operating Deficits are funded in such a manner so as not to materially adversely affect the Project and the allocation of Federal LIHT Credit, Federal HIT Credit, and/or State HIT Credit to the Federal Investor Member;

(vi) any other event of removal or withdrawal under the Act (other than an Event of Bankruptcy) has occurred with respect to the Managing Member; or

(vii) the Guarantor is in default under the Guaranty Agreement.

(b) ***Redemption of the Managing Member's Interest.***

(i) Upon the removal of the Managing Member pursuant to Sections 8.02(a)(i), 8.02(a)(ii), 8.02(a)(iii), or 8.02(a)(vii), if the Company is continued and is not dissolved, the Company shall redeem the removed Managing Member's Interest for an amount equal to the lesser of the balance in the removed Managing Member's Capital Account as of the date of the removal or One Hundred Dollars ($100.00).

(ii) Upon the occurrence of the removal of the Managing Member from the Company pursuant to Section 8.02(a)(iv), 8.02(a)(v), or 8.02(a)(vi) or the withdrawal of the Managing Member which does not result in dissolution and liquidation, the Company will reimburse the removed or withdrawn Managing Member for an amount equal to the Fair Market Value of its Interest (as that term is defined below) less all reasonable and customary expenses incurred in securing a replacement managing member. The remaining Managing Member or the successor Managing Member shall, not later than one hundred and twenty (120) days after such removal or withdrawal, provide Notice to the removed or withdrawn Managing Member of its choice of an appraiser to appraise the Project. This appraiser shall determine and provide a report on the fair market value of the Company, based on the continued use of the Project as contemplated by this Agreement (the "***Fair Market Value***"). Not later than thirty (30) days after receipt of the appraiser's report, the remaining Managing Member or successor Managing Member shall furnish to the removed or withdrawn Managing Member a calculation (reviewed by the Accountants) of the amount that the removed or withdrawn Managing Member would receive upon a distribution pursuant to Article XI upon the liquidation of the Company after sale of the Project by the Company, allocation of the resulting gain or loss pursuant to Article VII, and repayment of all debts and liabilities pertaining to the Company. The Company's obligation to redeem the removed or withdrawn Managing Member will be in the form of a note payable

over five (5) years. The closing of this transaction shall take place not later than forty-five (45) days after such Notice, or at such other time as the parties may agree.

(c) ***Effect on Removed Managing Member.*** Upon removal, the removed Managing Member shall thereafter cease to have any interest in capital, profits, losses, distributions, and all other economic incidents of ownership of the Company, except to the extent the removed Managing Member had a greater Interest in the Company than that redeemed under the terms of Section 8.02(b). If the removed Managing Member's economic Interest is not entirely redeemed, the remaining portion of the economic Interest of the removed Managing Member, including without limitation any right to distributions under Article VIII and Section 11.02, shall automatically be converted to an equal economic Interest as an Assignee Investor Member. Other than any such remaining economic Interest, however, such removed Managing Member shall not be entitled to any of the other rights granted to the Federal Investor Member hereunder.

(d) ***Dissolution of Company Following Removal.*** If the Managing Member has been removed, the Company shall dissolve unless it is continued pursuant to Section 8.06.

(e) ***Liability of Removed Managing Member for Costs and Expenses.*** Except as provided in Section 8.01, the removed Managing Member shall be liable for all costs and expenses incurred in the admission of a successor Managing Member and for all other costs, expenses, or damages incurred by the Company as a result of the removal.

(f) ***Power of Attorney.*** The removed Managing Member hereby grants to the Managing Member remaining after the time of removal and to the Federal Investor Member and/or any successor Managing Member as may be designated by the Federal Investor Member an irrevocable (to the extent permitted by applicable law) power of attorney coupled with an interest to execute and deliver any and all documents and instruments on behalf of the removed Managing Member and the Company as the remaining Managing Member and/or the Federal Investor Member and successor Managing Member may deem to be necessary or appropriate in order to effect the provisions of this Section 8.02 and to enable the remaining or successor Managing Member to manage the business of the Company. Within such period as may be required under applicable law, the remaining or successor Managing Member shall obtain all necessary signatures and file an amendment to any documents as may be necessary to reflect the removed Managing Member's removal as a member of the Company.

8.03 Event of Bankruptcy of the Managing Member.

Upon an Event of Bankruptcy with respect to the Managing Member, the Managing Member shall cease to be the Managing Member of the Company and shall become a member; as such it shall not be entitled to any of the corresponding rights, other than the right to receive its share of the Net Profits, Net Losses, Gain, Loss, cash distributions, returns of capital, and credit. Upon the occurrence of an Event of Bankruptcy with respect to the Managing Member, the Company shall dissolve unless it is continued pursuant to Section 8.06.

8.04 Liability of the Removed or Withdrawn Managing Member.

The Managing Member that for any reason: (a) voluntarily or involuntarily withdraws as such, (b) is removed from the Company, or (c) sells, transfers, or assigns its Interest, shall be and

remain liable for all obligations and liabilities incurred by it as the Managing Member prior to the time when the withdrawal, removal, sale, transfer, or assignment becomes effective, and for any obligation or liability to the State Investor Member or the Federal Investor Member for its Wrongful Act under Section 4.07 that may arise at any time. The removed or withdrawn Managing Member shall have the right to receive any fees for services previously performed or repayment of loans previously made to the Company, if any, in accordance with the terms thereof; provided, however, the parties hereto agree that any fees or other payments otherwise owed to the removed or withdrawn Managing Member or its Affiliates shall, in the sole and absolute discretion of the remaining or successor Managing Member (if the Company is continued pursuant to Section 8.06) or the Federal Investor Member (if the Company is not so continued), be satisfied by applying all or any of such amounts to any unpaid obligations of the removed or withdrawn Managing Member pursuant to this Agreement. In addition, upon the removal or withdrawal of the Managing Member, any agreement between it or its Affiliates and the Company may, at the election of the Company, be terminated at any time, and the Company shall have no further obligation under any such agreement except as set forth above.

8.05 Restrictions on Transfer of the Managing Member's Interest.

The sale, assignment, or transfer of the Managing Member's Interest shall at all times be subject to any additional restrictions applicable to an assignment or transfer of the Interest of the Federal Investor Member as set forth in Article IX hereof; provided, however, that any consent required of the Managing Member under Article IX shall be revised for purposes of the Managing Member's transfer under this Article VIII to be a consent required of each other Member, including the Federal Investor Member, in its sole discretion. No assignee or transferee of all or any part of the Interest of the Managing Member shall have any right to become a member except as provided in this Article VIII.

8.06 Continuation of the Business of the Company.

(a) ***Rights of Remaining Managing Member to Continue.*** If, upon the occurrence of an event described in Section 8.02 or Section 8.03, the removed or bankrupt Managing Member was not the sole Managing Member, any remaining Managing Member: (i) may, within sixty (60) days of the removed Managing Member's removal as a member of the Company, elect, with the consent of the Federal Investor Member, to continue the business of the Company; and (ii) upon so electing shall immediately make any amendments to this Agreement and execute and file for record any amendments or other documents or instruments necessary to reflect the termination (whether in part or whole) of the Interest of the Managing Member as to which such event has occurred and the Managing Member's removal as a member of the Company and to comply with the requirements of the Act.

If the remaining Managing Member fails to elect to continue the Company within such period, the Federal Investor Member shall have the right in its sole discretion to elect, within sixty (60) days of the removed or bankrupt Managing Member's removal as a member of the Company, to continue the business of the Company; in such event, the Managing Member of the continued Company shall be the remaining Managing Member desiring to remain a member and such other Managing Member as the Federal Investor Member may determine.

(b) ***No Remaining Managing Member.*** If the removed or bankrupt Managing Member was the sole Managing Member, within ninety (90) days of Managing Member's removal as a member of the Company, the Federal Investor Member shall have the right to elect to continue the business of the Company. Upon an election to continue the Company pursuant to this Section 8.06(b), the Federal Investor Member shall have the right to designate the successor Managing Member and the terms upon which it will be admitted to the Company, which shall automatically include (unless otherwise specified by the Federal Investor Member) a delegation to the successor Managing Member of all of the powers and duties of the removed Managing Member pursuant to this Agreement. The Federal Investor Member's rights in this Section 8.06(b) may be exercised without the consent of the removed or bankrupt Managing Member. If there is no managing member and no management agent, the Federal Investor Member may temporarily employ a management agent on the Company's behalf until a successor Managing Member is admitted and engages a successor as Management Agent or becomes the successor Management Agent under Article X.

(c) ***Amendment.*** In addition to any other requirements of admission under this Agreement, a Person designated under the terms of Section 8.06(a) or Section 8.06(b) shall be admitted as a successor or additional Managing Member if an amendment evidencing the admission of such Person as the Managing Member is filed as required under the Act. The Managing Member hereby agrees to execute promptly any such amendment, if required, in the event of its withdrawal or removal pursuant to the provisions of this Article VIII, and, in addition, hereby appoints the Federal Investor Member and each remaining or successor Managing Member as its attorney-in-fact to execute any such amendment on its behalf and in its place and stead upon such event of withdrawal or removal.

Article IX
Assignability of Interests of the State Investor Member and the Federal Investor Member

9.01 Substitution and Assignment of the State Investor Member's and the Federal Investor Member's Interest.

(a) ***General.*** Neither the State Investor Member nor the Federal Investor Member may sell, transfer, assign, pledge, or otherwise dispose of all or any part of its Interest (such a transaction shall be referred to in this Article as a "***Transfer***" and the entity acquiring the interest shall be referred to as the "***Transferee***") unless the Managing Member shall have previously consented in writing, which consent shall not be unreasonably withheld. No consent from any Member shall be required if: (i) the Transferee is a limited partnership for which CAHEC is the general partner or (ii) the Transferee is a member of the Company as of the date of the Transfer (any such Transfer remains subject to the terms of Article XIII). The Company shall not be required to recognize any Transfer until the instrument conveying such Interest has been delivered to the Managing Member for recordation on the books of the Company.

(b) ***Terms for Transfers.*** The Transferee will pay to the Company all costs and expenses incurred by the Company in connection with such Transfer, including, without limitation, costs incurred in the review and processing of the assignment, and in amending, if necessary, this Agreement. The Transferee will execute and deliver such instruments, in form and substance satisfactory to the Managing Member, as the Managing Member may deem necessary or desirable to effect such Transfer and to confirm the agreement of the Transferee to be bound by all of the terms and provisions of this Agreement.

9.02 Amendment of Agreement.

Upon the admission of any Transferee, the Members shall execute an amendment to this Agreement reflecting such admission. The amendment shall reflect the name, address, Percentage Interest, and Capital Contributions of the Member and any other information required by the Act, and shall set forth the agreement of the Member to be bound by all the provisions of this Agreement. The Managing Member shall file any amendment or other document as the Act requires to reflect such admission.

9.03 Recognition of Interest.

The Company and the Managing Member shall be entitled to treat each Person identified herein as a Member as the absolute owner of its Interest in all respects, and shall incur no liability for distributions of cash or other property made in good faith to such owner until such time as a written assignment of such Interest has been received and accepted by the Managing Member and recorded on the books of the Company. The Managing Member may elect to accept an assignment as being effective at the end of the next successive monthly accounting period. Any transfer described herein may require approval from the VHDA.

Article X
Management Agent

10.01 Management and Operation of the Project.

The Management Agent shall manage and operate the Project in accordance with the requirements of the lender(s) and any governmental authority having jurisdiction with respect thereto.

10.02 Successor.

Subject to the approval of the Federal Investor Member, the Managing Member may select a successor management agent. Without prior written consent from the Federal Investor Member such successor may not be the Managing Member or an Affiliate.

10.03 Management Fees.

Any successor management agent shall be entitled to receive management fees in an amount and under terms acceptable to the Federal Investor Member, the lender(s) (if applicable), and any relevant governmental authority. Unless approved in advance by the relevant entities, such fee shall not exceed twelve percent (12%) of net collected rental proceeds.

10.04 Removal.

(a) The Federal Investor Member may require the Managing Member to remove the Management Agent if the Management Agent has committed an act or acts outside the scope of its duties or of gross negligence, willful misconduct, malfeasance, or fraud or has breached its fiduciary duty.

(b) If the Management Agent is the Affiliate of the Managing Member which has been removed under Section 8.02, the Federal Investor Member shall be entitled to immediately remove and replace such Management Agent.

Article XI
Dissolution of Company

11.01 Dissolution.

The Company shall be dissolved, and the business of the Company shall be terminated in accordance with the Act, upon the occurrence of any of the following events:

(a) a dissolution, liquidation, withdrawal, retirement, and/or removal of the Managing Member which is not governed under Sections 8.02 or 8.03 hereof, unless the Federal Investor Member shall, within ninety (90) days after it receives Notice of such event, elect to continue the Company and the Company business, in which case the terms and provisions applicable to removal of a Managing Member and continuation of the Company under Sections 8.02, 8.04, and 8.06 shall apply, except as may be otherwise agreed by all parties;

(b) the occurrence of an event of dissolution pursuant to Sections 8.02 or 8.03 after which there has been no election pursuant to Section 8.06 to continue the Company;

(c) an election to dissolve the Company made in writing by all of the Members that the Company be dissolved in accordance with the Act;

(d) the sale or other disposition of all or substantially all of the Project;

(e) the expiration of the Term; or

(f) the occurrence of any other event causing the dissolution of a limited liability company under the Act only as and to the extent the Company and the Company business is not continued pursuant to this Agreement and the permissive authority granted under the Act.

11.02 Distribution of Company Assets.

In connection with the dissolution and termination of the Company, the Company business shall be wound up and its assets liquidated, and the net proceeds of such liquidation shall be distributed in the following order of priority:

(a) to the payment of the debts and liabilities of the Company (including any amounts which may be owed to any Member) and the expenses of liquidation;

(b) to the establishment of any reserves that the Managing Member or liquidator, in accordance with sound business judgment, deems reasonably necessary for any contingent or unforeseen liabilities or obligations of the Company, which reserves may be paid over to an escrow agent to be held by such agent for the purpose of distributing such reserves in payment of the aforementioned contingencies, and, upon the expiration of such period as Managing Member or such liquidator may deem advisable, distributing the balance thereof in the manner provided in this Section 11.02;

(c) to the payment of all other amounts owed to the Members (including, but not limited to, any Credit Deficiency) other than for capital and profits; and

(d) to the Members pro-rata in accordance with their respective positive Capital Account balances, as such balances are determined after reflecting all allocations pursuant to Article VI (other than pursuant to Article VI, Section 6.03) and all prior distributions pursuant to Article VII, but prior to reflecting any distributions pursuant to this Section 11.02.

Notwithstanding any other provision of this Agreement, upon liquidation by the Company of a Member's entire Interest, whether in liquidation of the Company or otherwise, such Member shall receive a distribution in accordance with its positive Capital Account balance no later than the end of the taxable year of such liquidation or, if later, within ninety (90) days of such liquidation.

11.03 Termination of the Company.

The Company shall terminate when all Company property shall have been disposed of (except for any liquid assets not so disposed of), and the net proceeds therefrom, as well as any other liquid assets of the Company, have been distributed to the Members as provided in this Article XI and in accordance with the Act.

Article XII
Bank Accounts; Books of Account; Reports; Tax Matters Partner

12.01 Bank Accounts.

The funds of the Company shall be deposited in such separate Company bank account or accounts, and in such bank or banks whose deposits are insured by an agency of the federal government, in the name of the Company as shall be determined by, and in the sole discretion of, the Managing Member (the "***Segregated Accounts***"). The Managing Member shall maintain the Segregated Accounts separately and otherwise arrange for the appropriate conduct of such account or accounts. The Segregated Accounts include but are not limited to the following: (a) general operating account, (b) Operating Reserve account, (c) Replacement Reserve account, (d) security deposit account, and (e) tax and insurance escrow account (if applicable).

12.02 Books of Account.

There shall be kept at the principal office of the Company true, correct, and complete books of account, produced and maintained in accordance with accounting principles generally accepted in the United States, consistently applied, in which shall be entered fully and accurately each and every transaction of the Company. The books of account shall provide monthly statements to include balance sheets, statement of operations, changes in Member's Capital Accounts, and cash flows. For income tax and financial reporting purposes, the Company shall use the accrual method of accounting with year ending December 31. Each Member shall have access thereto to inspect and remove and copy offsite such books of account at all reasonable times and upon reasonable Notice. Any Member shall further have the right to a private audit of the books and records of the Company, provided such audit is made at the expense of the Member desiring the same and is made at reasonable times during normal business hours after Notice. The Company shall retain all books and records for the longest of any period required by applicable laws and regulations, Section 42 of the Code, the Project Documents, and the Loan Documents.

12.03 Reports.

The Managing Member shall cause to be prepared and delivered to the Federal Investor Member and, when required, shall cause the Company timely to file with relevant governmental agencies the following information at the designated times:

(a) ***Weekly Reports - Until 100% Qualified Occupancy.*** After the Completion date, not later than the last day of each week, a Leasing Activity Report: (i) detailing applications received, rejected, withdrawn, pending decision, and approved, and (ii) detailing occupied units, move-in dates, vacant units, and move outs.

(b) ***Monthly Reports - Until the First Full Year of 100% Qualified Occupancy.*** As soon as available and in any event not later than fifteen (15) days after the end of each calendar month after the Completion Date of any building (after the first full year of one hundred percent (100%) Qualified Occupancy, the Federal Investor Member reserves the right, at its discretion, to extend the monthly report requirement): (i) Balance Sheet; (ii) Profit and Loss Statement with Variances (an operational report in line-item format detailing all income and expenditures for the

period as compared to budgeted amounts); (iii) Cash Flow Statement; (iv) Reconciled Reserve Bank Statements (a copy of reconciled bank statements stating the account balances for all Company reserve accounts); (v) Occupancy Report (a report detailing the Unit numbers and corresponding tenant names and vacancies and an indication of whether the Unit is eligible); and (vi) Aged Tenant Accounts Receivable (an aged past due listing of tenants with outstanding rent charges or late fees).

(c) ***Quarterly Reports - After the First Full Year of 100% Qualified Occupancy.*** If the Project has attained one hundred percent (100%) Qualified Occupancy for at least twelve (12) consecutive months and its operations are meeting financial and occupancy projections, such reports may be provided on a quarterly basis, not later than fifteen (15) days after the end of each quarter: (i) VHDA's Tax Credit Compliance Report (the report submitted to the VHDA); (ii) above listed monthly reports (the reports due monthly during the initial year as detailed in Section 12.03(b) remain due quarterly after the first full year of one hundred percent (100%) Qualified Occupancy; and (iii) any additional information requested by the Federal Investor Member's auditors.

(d) ***Mid-Year Reports – After the Completion Date.*** (i) Trial Balance Sheet (as soon as available and in any event not later than thirty (30) days after the end of the first six (6) months of each year, a trial balance sheet of the Company as of June 30 and any additional information requested by the Federal Investor Member's auditors); (ii) VHDA's Annual Tax Credit Compliance Report (the report submitted to the VHDA).

(e) ***Year-End Audited Company Financial Statements.*** As soon as available and in any event not later than sixty (60) days after the end of each year, the audited financial statements of the Company as of the end of such year, prepared in a format prescribed by the Federal Investor Member and in accordance with accounting principles generally accepted in the United States, including comparative balance sheet, statement of operations, statement of changes in Members' capital accounts, statement of cash flows, and supplemental unaudited statements summarizing the basis of credit and depreciation, number of tenants served and the cost of such services, with the report of the Accountants thereon that (i) certifies that an audit of such financial statements has been made in accordance with generally accepted auditing standards, (ii) states the opinion of the Accountants with respect to the financial statements and the accounting principles and practices reflected therein and as to the consistency of the application of the accounting principles, (iii) identifies any matters to which the Accountants take exception, and (iv) states, to the extent practicable, the effect of each such exception of such financial statements. The Managing Member also shall provide executed auditor reliance letters, engagement letters, and authorizations for all banks with Company accounts to release account information to the Federal Investor Member's auditors. At the request of the Federal Investor Member, the Managing Member shall cause the Accountant to provide the Federal Investor Member a copy of all work papers and peer review letters within sixty (60) days of year end.

(f) ***Managing Member and Guarantor Financial Statements.*** As soon as available and in any event not later than one hundred fifty (150) days after the end of the respective fiscal year, the financial statements of the Managing Member and the Guarantor certified as being true and correct as of the end of each such year (to its best knowledge), including the balance sheets,

related statements of income and retained earnings, and statement of changes in financial positions for such year.

(g) ***Company Tax Returns and Tax Information.*** As soon as available and in any event not later than forty-five (45) days after the end of each year, to the State Investor Member and the Federal Investor Member, all information necessary for the preparation of the State Investor Member and the Federal Investor Member state and federal income tax return or insurance premiums tax return for each year with respect to income, gains, losses, deductions, tax depreciation schedules, tax amortization schedules, Federal LIHT Credit, Federal HIT Credit, State HIT Credit, or other credit and the allocation thereof to each Member, including a federal and Virginia Form K-1 (or other comparable form subsequently required by the IRS, Virginia Department of Taxation, or Virginia Corporations Commission), the DHR Part 3 Certification, and a copy of the Company's federal tax return and any state or local Company return(s) required to be filed by the Company. In addition, within forty-five (45) days after the end of each year in which the Company receives State HIT Credits, the Company shall deliver to the State Investor Member a copy of the approved DHR Part 3 Certificate for the Project.

(h) ***Other Reporting Requirements.*** Any and all material reports provided to or received from any federal, state, or local government agency having jurisdiction over the Project or the Company.

(i) ***Notice Regarding the Occurrence of Certain Events.*** Within three (3) business days of the Managing Member's receipt of notice or becoming aware thereof, Notice to the State Investor Member and the Federal Investor Member of any default under any loan or financial obligation of the Company, any IRS or Virginia Department of Taxation proceeding involving the Company, any payment or draw made under any Operating Deficit guaranty, construction completion guaranty, performance bond or letter of credits, or any other significant development affecting the Company or its business or assets.

(j) ***Proposed Budget and Budget.*** The budget submission date is November 15; the Managing Member shall promptly notify CAHEC if at any time during the year it appears that the actual results in any category of the Budget will vary from the budgeted amounts by more than ten percent (10%).

(k) ***Other Information Requests.*** Such other information regarding the state of the business, financial condition and affairs of the Company, as the Federal Investor Member, from time to time, may reasonably request.

In addition to the foregoing reports, the Managing Member shall promptly respond to all reasonable requests for information made by the State Investor Member, the Federal Investor Member, or CAHEC, including, without limitation, information to enable the State Investor Member and the Federal Investor Member to determine or verify the amounts of all payments which the Managing Member is required to make to the Company and the amounts of Federal LIHT Credit, Federal HIT Credit, and State HIT Credit and all such statements and information needed by the State Investor Member and the Federal Investor Member in connection with reports and forms required to be filed by the State Investor Member and the Federal Investor Member pursuant to federal or state tax or securities law or regulations. The Managing Member

may, in the sole discretion of the Federal Investor Member, be assessed a fine by the Federal Investor Member in the amount of $150 per day for non-compliance with any reporting requirement contained in this Section 12.03 following written Notice from the Federal Investor Member.

12.04 Tax Matters Partner.

(a) ***Authorized Activities and Duties.*** The Tax Matters Partner shall have and shall perform all of the duties required under the Code, including the following:

(i) furnish the name, address, profits, interest, and taxpayer identification number of each Member to the IRS; and

(ii) within five (5) calendar days after the receipt of any correspondence or communication relating to the Company or a Member from the IRS, the Virginia Department of Historic Resources, the Virginia Department of the Treasury, the Virginia Department of Taxation, or any other governmental authority, forward to the State Investor Member and the Federal Investor Member a copy of all such correspondence or communication(s). The Tax Matters Partner shall, within five (5) 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) ***Conditional Authority.*** The Tax Matters Partner shall not without the affirmative written vote of the State Investor Member and the Federal Investor Member:

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

(ii) settle any audit with the IRS concerning the adjustment or readjustment of any Company tax item(s);

(iii) file a request for an administrative adjustment with the IRS at any time or file a petition for judicial review with respect to any such request;

(iv) initiate or settle any judicial review or action concerning the amount or character of any Company tax item(s);

(v) intervene in any action brought by any other Member for judicial review of a final adjustment;

(vi) take any other action not expressly permitted by this Section 12.04 on behalf of the Members or the Company in connection with any administrative or judicial tax proceeding; or

(vii) take any action negatively affecting the Federal LIHT Credit, the Federal HIT Credit, or the State HIT Credit.

(c) ***Section 6221 – 6233 of the Code Proceedings.*** 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 Federal 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 Federal 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).

Article XIII
Buyout Option

13.01 Buyout Option.

(a) ***General.*** At all times after the end of the Compliance Period, the Managing Member shall have the option, exercisable upon at least thirty (30) and not more than ninety (90) days prior Notice to the State Investor Member and the Federal Investor Member, to purchase the State Investor Member's and the Federal Investor Member's entire Interest for an amount equal to the Buyout Price. The Buyout Price for purchase under this Section shall be the greater of: (i) the fair market value of the State Investor Member's and the Federal Investor Member's Interest, as of the date of the closing of the purchase, based on the amount of Sale Proceeds the State Investor Member and the Federal Investor Member would receive if the assets of the Company were sold for their Appraised Value (as defined in Section 13.01(b) below) subject to continued use of the Project for low-income housing for at least fifteen (15) years after the end of the Compliance Period, or (ii) the sum of (a) all federal, state, and local taxes payable by the State Investor Member and the Federal Investor Member or its partners attributable to such sale, and (b) the amount, if any, required for the Federal Investor Member to obtain its Total Benefits as adjusted by the terms of this Agreement.

(b) ***Appraisal and Buyout Notice.*** The Managing Member's Notice to the State Investor Member and the Federal Investor Member (the "***Buyout Notice***") shall include the following:

(i) an appraisal of all of the assets of the Company (the "***Appraised Value***") by an appraiser selected by the Managing Member and approved by the Federal Investor Member, and

(ii) a calculation by the Accountants of (a) the value of the State Investor Member's and the Federal Investor Member's Interest based on such appraisal, (b) the amount of the Federal Investor Member's Total Benefits from the Company, and (c) the Buyout Price, all calculated as of the closing date proposed by the Managing Member in the Buyout Notice.

The State Investor Member and the Federal Investor Member shall have thirty (30) days after receipt of the Buyout Notice in which either to accept the Buyout Price set forth in the Buyout Notice or to notify the Managing Member of its desire to appoint a second appraiser to evaluate the Buyout Price. In the event that the State Investor Member and the Federal Investor Member fail to notify the Managing Member within the aforesaid thirty (30) day period that it desires to appoint a second appraiser, the State Investor Member and the Federal Investor Member shall be deemed to have accepted the Buyout Price, and the Managing Member shall purchase the Interest of the State Investor Member and the Federal Investor Member on the date specified in the Buyout Notice.

(c) ***Appointment of Additional Appraisers.*** If the Federal Investor Member notifies the Managing Member of its desire to appoint a second appraiser, the Federal Investor Member shall appoint such appraiser within thirty (30) days after it notifies the Managing Member of its election, and the two appraisers shall together appoint a third appraiser within fifteen (15) days

after the appointment of the second appraiser. The three appraisers so appointed shall each determine the Appraised Value of the assets of the Company within thirty (30) days after the appointment of the third appraiser, and the Appraised Value of such assets for the purpose of determining the Buyout Price shall be the average of the three appraisers' determinations.

(d) ***Closing.*** The closing of the sale of the State Investor Member's and the Federal Investor Member's Interest to the Managing Member shall occur within sixty (60) days after the Buyout Price is determined. The entire Buyout Price shall be paid to the State Investor Member and the Federal Investor Member at the closing in cash or immediately available funds. The Federal Investor Member shall be responsible for the costs of the second appraiser and one-half (1/2) of the costs of the third appraiser, if any, and for its own attorneys' fees actually incurred in connection with the closing. The Managing Member shall pay all other costs of the purchase of the State Investor Member's and the Federal Investor Member's Interest, including the costs of the appraiser appointed by the Managing Member, the Accountants' fees, and any filing fees.

13.02 Exercise of Option by the Managing Member.

Notwithstanding the foregoing provisions of this Article XIII, the option available to the Managing Member pursuant to this Article XIII shall apply and be available only at such time as the Managing Member is a member of the Company and is not in default of any of its obligations pursuant to this Agreement.

Article XIV
Miscellaneous Provisions

14.01 Amendments to Agreement.

(a) ***Signatories Bound.*** Each Member, including any additional or successor Member, shall become a signatory hereto by signing counterpart signature pages to this Agreement or an amendment to this Agreement or by granting a power of attorney to the Managing Member therefor, and by signing any other instrument or instruments deemed necessary by the Managing Member. By so signing, each Member, including any additional or successor Member, as the case may be, shall be deemed to have adopted, and to have agreed to be bound by, all the provisions of this Agreement.

(b) ***Adoption of Amendments.*** Amendments to this Agreement may be adopted, but only if in writing and in accordance with the procedures set forth in this Section 14.01; provided, however, no amendment shall be adopted pursuant to this Section 14.01 unless its adoption does not, in the opinion of counsel for the Company, affect the limited liability of the State Investor Member or the Federal Investor Member under the Act or the status of the Company as a partnership for federal income tax purposes, or cause reduction, disallowance, loss, or recapture of the Federal LIHT Credit , the Federal HIT Credit, or the State HIT Credit.

(c) ***Preparation and Filing of Documents.*** In making any amendments, there shall be prepared and timely filed for recordation by the Managing Member all documents required to be prepared and filed under the Act and under the laws of any other jurisdiction in which the Company is then formed or qualified.

(d) ***Procedure for Proposing Amendments.*** Each Member shall give Notice to the other Member(s) of its intent to amend the Agreement. This Notice shall include: (i) the text of the amendment, (ii) a statement of the purpose of the amendment, and (iii) if requested by any other Member, an opinion of counsel to the effect that such amendment is permitted by the Act and conforms with the requirements of the Act, such amendment will not affect the limited liability of the State Investor Member or the Federal Investor Member, such amendment will not adversely affect the classification of the Company as a partnership for federal income tax purposes, and such amendment will not result in any reduction, disallowance, loss, or recapture of the Federal LIHT Credit, the Federal HIT Credit, or the State HIT Credit.

(e) ***Approval of Amendments.*** Amendments to this Agreement shall become effective only upon the unanimous written consent of all Members, which consent may be withheld in the sole discretion of any Member, and upon compliance with this Article XIV.

(f) ***Costs of Legal Opinions.*** The cost of the opinions described in this Section 14.01 shall be borne by the Company.

14.02 Notice Requirements.

(a) ***Notice Address.*** The Notice address of the Company and the Members are set forth in Exhibit A, Section 8(d). Any Member may change its Notice address by providing Notice to all other Members.

(b) ***Form of Notice.*** Notice shall be sufficient when sent by one of the following: (i) registered or certified mail, postage prepaid, return receipt requested, (ii) facsimile, (iii) commercial delivery service, or (iv) hand delivery (paid for by the sender) to a Member at the last address or addresses as provided under this Agreement. The deemed date of such Notice shall be the date of receipt of such registered mail, certified mail, or commercial delivery service, or the date of actual receipt of such writing by hand delivery or facsimile.

14.03 Action for Breach.

The representations, warranties, covenants, agreements, and duties of the Managing Member contained in this Agreement are being made in order to induce, and in consideration of, the State Investor Member's and the Federal Investor Member's acquisition of its Interest. Upon the breach of any representation, warranty, covenant, agreement, or duty, the State Investor Member and the Federal Investor Member may pursue any available remedy against the Managing Member without being required to dissolve the Company and notwithstanding the availability of any other remedy.

14.04 Consent and Voting.

No vote, advice, or consent given by the State Investor Member or the Federal Investor Member shall ever be construed to make the State Investor Member or the Federal Investor Member liable as a managing member or cause the State Investor Member or the Federal Investor Member to be liable for Company obligations.

14.05 Survival of Representations.

All representations, warranties, and indemnifications contained herein shall survive the dissolution and final liquidation of the Company.

14.06 Entire Agreement.

This Agreement, including the Exhibits and other attachments affixed hereto, contains the entire understanding between and among the parties and supersedes any prior understandings and agreements between and among them respecting the subject matter of this Agreement.

14.07 Applicable Law.

The construction, enforcement, and interpretation of this Agreement and the rights and liabilities of the parties hereto shall be determined in accordance with the internal laws of the Commonwealth of Virginia.

14.08 Severability.

This Agreement is intended to be performed in accordance with, and only to the extent permitted by, all applicable laws, ordinances, rules, and regulations. If any provision of this Agreement or the application thereof to any Person or circumstance shall, for any reason and to any extent, be invalid or unenforceable, the remainder of this Agreement and the application of such provision to other Persons or circumstances shall not be affected thereby, but rather shall be

enforced to the greatest extent permitted by law. In the event that any provision of this Agreement or the application thereof shall be invalid or unenforceable, the Members agree to negotiate (on a reasonable basis) a substitute valid or enforceable provision providing for substantially the same effect as the invalid or unenforceable provision.

14.09 Binding Effect.

When entered into by the parties hereto, this Agreement is binding upon, and inures to the benefit of, the parties hereto and their respective spouses, heirs, executors, and administrators, personal and legal representatives, successors, and assigns.

14.10 Counterparts.

This Agreement and any amendments hereto 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.

14.11 Successor Statutes and Agencies.

Any reference contained in this Agreement to specific statutory or regulatory provisions or to specific governmental agencies or entities shall include any successor statute or regulation, or agency or entity, as the case may be.

14.12 Arbitration.

All controversies, claims, disputes, and other matters in question between the parties to this Agreement, arising out of or relating to this Agreement, which cannot be resolved by the parties themselves shall be settled by arbitration in Raleigh, North Carolina, in accordance with the Commercial Arbitration Rules of the American Arbitration Association then existing, unless the parties mutually agree otherwise. This Agreement to arbitrate shall be specifically enforceable under the prevailing arbitration law. Notice of the demand for arbitration shall be filed in writing with each other party to this Agreement and with the American Arbitration Association. The demand shall be made within a reasonable time after the controversy, claim, dispute or other matter in question has arisen; however, in no event shall the demand for arbitration be made after the date when institution of legal or equitable proceedings based on any such controversy, claim, dispute, or other matter in question would be barred by the applicable statute of limitation. The award rendered by the arbitrator(s) shall be final and binding upon the parties, and judgment may be entered upon it in accordance with the applicable law in any court having jurisdiction thereof. The arbitrators shall assess the costs of arbitration. Notwithstanding the foregoing, this Section shall not be deemed to limit the rights of a party to obtain from a court provisional or ancillary remedies, such as (but not limited to) injunctive relief or appointment of a receiver, before, during, or after the pendency of any arbitration proceeding brought pursuant to this Agreement. The institution or maintenance of an action for provisional or ancillary remedies shall not constitute a waiver of the right of any party, including the claimant in any such action, to arbitrate the merits of the controversy or claim occasioning the resort to such remedies.

14.13 No Implied Waiver.

No failure on the part of any Member to exercise, and no delay in exercising, any right under this Agreement shall operate as a waiver thereof; nor shall any single or partial exercise of any right under this Agreement preclude any other or further exercise thereof or the exercise of any other right. No term or provision of this Agreement shall be deemed waived and no breach excused unless such waiver or excuse shall be in writing and signed by the party claimed to have so waived or excused.

14.14 Title and Rights to Company Property.

Legal title and rights to the Company property shall be in the name of the Company, and no Member, individually, shall have any ownership of such Company property.

14.15 No Third-Party Beneficiary.

None of the provisions of this Agreement shall be construed as existing for the benefit of any creditor of the Company or for the benefit of any creditor of the Members.

[SIGNATURES BEGIN ON THE NEXT PAGE]

In Witness Whereof, the undersigned Members have hereunto affixed their signatures and seals effective as of the date first above written.

SIGNATURE PAGE OF MANAGING MEMBER

NEW MANCHESTER FLATS IX MANAGING MEMBER, LLC

By: **2 B DEVELOPED, LLC**
Member

By: _____
Name: Richard W. Gregory
Title: Vice President

SIGNATURE PAGE OF WITHDRAWING MEMBER

NEW MANCHESTER FLATS MANAGING MEMBER, LLC

By: **2 B DEVELOPED, LLC**
Member

By: _____
Name: Richard W. Gregory
Title: Vice President

SIGNATURE PAGE OF STATE INVESTOR MEMBER

NEW MANCHESTER FLATS IX SCP, LLC

By: _____
Name: Richard W. Gregory
Title: Manager

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Form **8609**
(Rev. October 2014)
Department of the Treasury
Internal Revenue Service

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)
500 Stockton Street
Richmond, VA 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
Miller I & II, LLC
7 East 2nd street
Richmond, VA 23224
TIN ▸ 46-1488587

D Employer identification number of agency
54-0921892

E Building identification number (BIN)
VA1363001

1a	Date of allocation ▸ _____ b Maximum housing credit dollar amount allowable.	1b	$460,567
2	Maximum applicable credit percentage allowable (see instructions)	2	3.24%
3a	Maximum qualified basis	3a	$14,215,031
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) ☐ Building located in the Gulf Opportunity (GO) Zone, Rita GO Zone, or Wilma GO Zone ☒ Section 42(d)(5)(B) high cost area provisions	3b	130%
4	Percentage of the aggregate basis financed by tax-exempt bonds. (If zero, enter -0-.)	4	78.84%
5	Date building placed in service. ▸ 11/24/14		

6 Check the boxes that describe the allocation for the building (check those that apply):
a ☒ Newly constructed and federally subsidized b ☐ Newly constructed and **not** federally subsidized c ☐ Existing building
d ☐ Sec. 42(e) rehabilitation expenditures federally subsidized e ☐ Sec. 42(e) rehabilitation expenditures **not** federally subsidized
f ☐ 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.

▸ John D. Bondurant	▸ John D. Bondurant AUTHORIZED OFFICER	▸ 6.6.17
Signature of authorized official	Name (please type or print)	Date

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

7	Eligible basis of building (see instructions)	7	14,215,031
8a	Original qualified basis of the building at close of first year of credit period	8a	14,215,031

b	Are you treating this building as part of a multiple building project for purposes of section 42 (see instructions)?	☒ Yes	☐ No
9a	If box 8a or box 8d is checked, do you elect to reduce eligible basis under section (42(i)(2)(B)?	☐ Yes	☒ 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)? ▸	☐ Yes	☒ 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)) ▸	☒ Yes	☐ No
b	Elect **not** to treat large partnership as taxpayer (section 42(j)(5)) ▸	☐ Yes	
c	Elect minimum set-aside requirement (section 42(g)) (see instructions) ☐ 20-50 ☒ 40-60	☐ 25-60 (N.Y.C. only)	
d	Elect deep rent skewed project (section 142(d)(4)(B)) (see instructions)	☐ 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.

▸	▸ 46-1488587	▸ 6/6/17
Signature	Taxpayer identification number	Date
▸	▸ 2015	
Name (please type or print)	First Year of the credit period	

Form **8609**
(Rev. October 2014)
Department of the Treasury
Internal Revenue Service

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)
501 Stockton Street
Richmond, VA 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
Miller I & II, LLC
7 East 2nd street
Richmond, VA 23224
TIN ▸ 46-1468587

D Employer identification number of agency
54-0921892

E Building identification number (BIN)
VA1363002

1a	Date of allocation ▸ _____ b Maximum housing credit dollar amount allowable.	1b	$376,827
2	Maximum applicable credit percentage allowable (see instructions)	2	3.24%
3a	Maximum qualified basis	3a	$11,630,463
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	130%
	☐ Building located in the Gulf Opportunity (GO) Zone, Rita GO Zone, or Wilma GO Zone ☒ 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	78.84%
5	Date building placed in service ▸ 05/20/15		

6 Check the boxes that describe the allocation for the building (check those that apply):
a ☒ Newly constructed and federally subsidized b ☐ Newly constructed and **not** federally subsidized c ☐ Existing building
d ☐ Sec. 42(e) rehabilitation expenditures federally subsidized e ☐ Sec. 42(e) rehabilitation expenditures **not** federally subsidized
f ☐ 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.

▸ John P. Bondurant — Signature of authorized official
▸ John D. Bondurant, AUTHORIZED OFFICER — Name (please type or print)
▸ 6.6.17 — Date

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

7	Eligible basis of building (see instructions)	7	11,630,463
8a	Original qualified basis of the building at close of first year of credit period	8a	11,630,463

b	Are you treating this building as part of a multiple building project for purposes of section 42 (see instructions)?	☒	Yes	☐	No
9a	If box 6a or box 6d is checked, do you elect to reduce eligible basis under section (42(i)(2)(B)?	☐	Yes	☒	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)? ▸	☐	Yes	☒	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)) ▸	☒	Yes	☒	No No
b	Elect **not** to treat large partnership as taxpayer (section 42(j)(5)) ▸	☐	Yes		
c	Elect minimum set-aside requirement (section 42(g)) (see instructions) ☐ 20-50 ☒ 40-60	☐	25-60 (N.Y.C. only)		
d	Elect deep rent skewed project (section 142(d)(4)(B)) (see instructions)	☐	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
▸ 46-1488587 Taxpayer identification number
▸ 6/6/17 Date

▸ _____ Name (please type or print)
▸ 2015 First Year of the credit period

STATEMENT – LIHTC MULTIPLE BUILDING PROJECT ELECTION

Attachment to Form 8609's

Date:	November 19, 2015
Agency:	Virginia Housing Development Authority
Owner:	Miller I & II, LLC
Owner EIN:	46-1488587
Project Name:	"Miller Lofts"
# of Buildings:	2
Set-Aside:	40-60
First Year Credit Period:	2015

Building 1

Address:	500 Stockton St, Richmond, VA 23224
BIN:	VA-1363001
Allocated Credit:	$460,567

Building 2

Address:	501 Stockton St, Richmond, VA 23224
BIN:	VA-1363002
Allocated Credit:	$376,827

TOTAL ALLOCATED CREDIT: $837,394

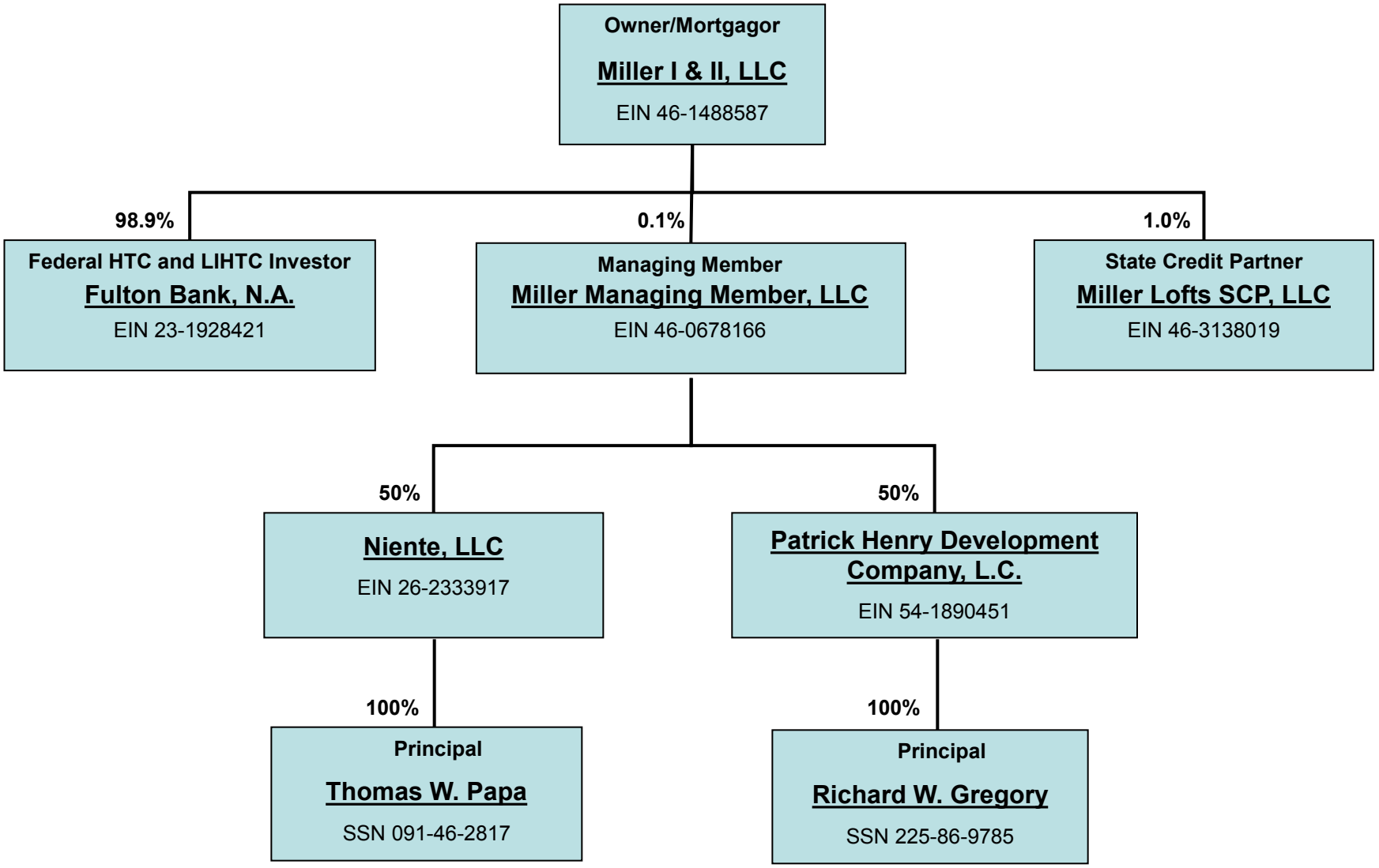
11/19/2015
Date

Richard W. Gregory – *Manager*

Miller I & II, LLC

Organizational Structure at Closing

7/25/2017



FIRST AMENDED AND RESTATED OPERATING AGREEMENT

OF

MILLER I & II, LLC

FIRST AMENDED AND RESTATED OPERATING AGREEMENT

OF

MILLER I AND II, LLC

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FIRST AMENDED AND RESTATED OPERATING AGREEMENT

OF

MILLER I & II, LLC

This First Amended and Restated Operating Agreement of MILLER I & II, LLC, dated and effective as of the ___ day of August, 2013, is made by and among:

MILLER MANAGING MEMBER, LLC
a Virginia limited liability company,
as the "Managing Member";

MILLER LOFTS SCP, LLC,
a Virginia limited liability company,
as the "State Historic Investor Member",

and

Fulton Bank, N.A.
a national banking association,
as the "Investor Member".

RECITALS

Miller I & II, LLC (the "**Company**") was formed as a limited liability company under and pursuant to the provisions of the Virginia Limited Liability Company Act (hereinafter referred to as the "Act") pursuant to an Articles of Organization filed with the Virginia State Corporation Commission on December 3, 2012, as amended February 5, 2013, having Miller Managing Member, LLC, a Virginia limited liability company, as Managing Member. The Company has been operating pursuant to a Declaration of Operation dated as of December 3, 2012 (the "Operating Agreement"), having Miller Managing Member, LLC, a Virginia limited liability company, as a member.

The parties hereto desire to amend and restate the Operating Agreement in its entirety, in order to cause the admission of the Investor Member and State Historic Investor Member each as a member, and to set forth more fully the rights, obligations, and duties of the Managing Member, State Historic Investor Member and the Investor Member.

Accordingly, 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 are hereby acknowledged, the parties hereto, intending legally to be bound, hereby agree as follows:

ARTICLE I - CONTINUATION AND BUSINESS PURPOSE

1.01 Restatement and Continuation of Company

The Managing Member and the Investor Member, constituting all of the Members of the Company, hereby amend and restate the original declaration of operation of Miller I & II, LLC in its entirety and continue the Company under the Act. The federal employer identification numbers of the Company and the Investor Member are shown on Exhibit A-8.

1.02 Company Name

The name of the Company is "Miller I & II, LLC."

1.03 Principal Place of Business

The principal office of the Company and the office to be maintained pursuant to the Act shall be located at 5 E. 2nd Street, Richmond, VA 23224. The principal place of business of the Company shall be located at 5 E. 2nd Street, Richmond, VA 23224.

1.04 Registered or Resident Agent

The name and address of the registered or resident agent of the Company for service of process is Richard W. Gregory, c/o Miller Managing Member, LLC, 5 E. 2nd Street, Richmond, VA 23224.

1.05 Title to Company Property

Legal title to the Company Property shall be in the name of the Company, and no Member, individually, shall have any ownership of such Company Property.

1.06 Purposes of the Company

The purposes, nature, and general character of the business of the Company shall consist of:

i. Acquiring, owning, developing, constructing and/or rehabilitating, leasing, managing, operating, and, if appropriate or desirable, selling or otherwise disposing of the Company Property or any substantial part thereof;

ii. During the Compliance Period, operating the Credit Units in compliance with the provisions of Section 42 of the Code; and

iii. Carrying on any and all activities related to the foregoing in accordance with this Agreement.

The purposes of this Company and the nature and character of its business shall not be extended, by implication or otherwise, except by written consent of the Members.

The Investor Member acknowledges that the Company intends (and is required by the terms of certain governmental regulatory agreements and encumbrances) to operate the Project throughout the term of the Company as a low income housing project available only for persons having adjusted family incomes not in excess of certain specific limitations, and as a result distributions of cash may be restricted.

1.07 Company Term

The term of the Company commenced on December 3, 2012 and shall continue in perpetuity , unless sooner terminated in accordance with Article XII. Upon termination of the Company, the Managing Member shall take all actions necessary to terminate the Company in accordance with requirements of the Act.

1.08 Filing of Certificate

Immediately after the execution of this Agreement by the Members, the Managing Member shall, if required, cause the Certificate to be amended and filed in accordance with the Act. The Managing Member shall immediately cause a copy of such Certificate, with evidence that the Certificate was filed in accordance with the Act, to be furnished to the Investor Member.

1.09 Admission of Members.

The Investor Member and State Historic Member are each admitted to the Company.

ARTICLE II - CERTAIN DEFINITIONS

2.01 General Terms

The following defined terms used in this Agreement shall have the meanings specified below:

50% Completion: Evidenced by a certificate from the Architect that construction of Miller I or Miller II or the Project, as the case may be, is 50% complete.

Accountants: CohnReznick LLP, of Baltimore, Maryland or such other firm of independent certified public accountants that is acceptable to the Investor Member.

Act: The Virginia Limited Liability Company Act or any corresponding provision or provisions of succeeding law, as it or they may be amended from time to time.

Additional Capital Contribution: An Installment, or any portion thereof, of the Investor Member's Capital Contribution to the Company, the due date of which is subsequent to the Admission Date.

Additional Capital Contribution Due Date: Five (5) days after receipt by the Investor Member and/or the State Historic Investor Member of the Additional Capital Contribution Notice and/or Additional State Historic Capital Contribution Notice, as applicable.

Additional Capital Contribution Notice: The Notice to be delivered to the Investor Member by the Managing Member stating the date on which any Additional Capital Contribution is due, the amount of the Additional Capital Contribution and, in reasonable detail, the manner of calculation thereof and including the Notice Certifications.

***Additional State Historic Capital Contribution(s)*:** The Second State Historic Capital Contribution; the Third State Historic Capital Contribution; the Fourth State Historic Capital Contributions and the Fifth State Historic Capital Contribution, shown on Exhibit A-1(a), as may be adjusted in accordance with this Agreement.

***Additional State Historic Capital Contribution Notice*:** The Notice to be delivered to the State Historic Investor Member by the Managing Member stating the date on which any Additional State Historic Capital Contribution is due, the amount of the Additional State Historic Capital Contribution and, in reasonable detail, the manner of calculation thereof and including the Additional Capital Contribution Notice.

Adjusted Capital Account Deficit: With respect to the Investor Member, the deficit balance, if any, in the Member's Capital Account as of the end of the relevant Fiscal Year, after giving effect to the following adjustments:

(a) Credit to such Capital Account any amounts that such Member is obligated to restore pursuant to any provision of this Agreement, is otherwise treated as being obligated to restore under Treasury Regulation Section 1.704-1(b)(2)(ii)(c), or is deemed to be obligated to restore pursuant to the penultimate sentences of Treasury Regulation Sections 1.704-2(g) and 1.704-2(i)(5); and

(b) Debit to such Capital Account the items described in Treasury Regulation Sections 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 Treasury Regulation Section 1.704-1(b)(2)(ii)(d) and shall be interpreted consistently therewith.

Admission Date: The date on which the Investor Member is admitted to the Company, which shall be deemed to be the latest of:

(a) The date of payment by the Investor Member of its Capital Contribution due on the Admission Date, in accordance with the schedule of payments listed on Exhibit A-1; or

(b) The date the Certificate, amended to admit the Investor Member, if necessary, is filed as the Company's article of organization in accordance with the Act; or

(c) The execution of this Agreement by all parties.

Affiliate: As to any Member: (i) any such Member or member of his Immediate Family; (ii) the legal representative, successor or assignee of, or any trustee of a trust for the benefit of, any such Member or member of his Immediate Family; (iii) any entity of which a majority of the voting interests is owned by any one or more of the Persons referred to in the preceding clauses (i) and (ii); (iv) any officer, director, trustee, employee, stockholder (ten percent (10%) or more) or partner of any Person referred to in the preceding clauses (i), (ii) and (iii); and (v) any Person directly or indirectly controlling (ten percent (10%) or more), or under direct or indirect common control with, any Person referred to in the preceding clauses (i), (ii), (iii), or (iv).

Aggregate Available Federal Historic Tax Credit: The amount of HTC Credits with respect to the Project which will be allocable to the Investor Member on the placed-in-service date of either Building on the Company's tax returns for such year of completion, with respect to the rehabilitation credit of Section 47 of the Internal Revenue Code of 1986, as amended.

***Aggregate Available State Historic Credit*:** The sum of the Available Phase 1 State Historic Credit; Available Phase 2 State Historic Credit; Available Phase 3 State Historic Credit, and Available Phase 4 State Historic Credit.

Aggregate Forecasted Available Federal Historic Tax Credit: The aggregate amount of HTC Credits with respect to the Project set forth in the Projections expected to be allocable to the Investor Member on the placed in service date(s) of each Building on the Company's tax returns for such years of completion in the amount of $4,660,560.

***Aggregate Forecasted State Historic Credit*:** The sum of the Phase 1 Forecasted State Historic Credit; Phase 2 Forecasted State Historic Credit; Phase 3 Forecasted State Historic Credit and Phase 4 Forecasted State Historic Credit.

Aggregate Available Low-Income Housing Credit: The amount of LIH Credits with respect to the Project which will be allocable to the Investor Member over the Credit Period on the Company's tax returns for such years, as determined at Cost Certification after the Accountants have received all information necessary to make such determination, and as may be further adjusted upon receipt of approved Form 8609s (such amount of LIH Credits will include any reduction in the amount of LIH Credits for the buildings for the first year of the Credit Period which is allowable in the first year following the Credit Period).

Aggregate Forecasted Available Low-Income Housing Credit: The aggregate amount of LIH Credits with respect to the Project set forth in the Projections expected to

be allocable to the Investor Member over the Credit Period on the Company's tax returns for such years in the amount of $8,186,700 (which amount includes any reduction in the amount of LIH Credits for the buildings for the first year of the Credit Period which is allowable in the first tax year following the Credit Period).

Agreement: This First Amended and Restated Operating Agreement of Miller I & II, LLC, including all of the exhibits attached hereto and made a part hereof, as amended and in effect from time to time.

AIA: American Institute of Architects.

Appraised Value: The value determined in the manner provided in Section 14.01.

Architect: Walter Parks, Architect.

Authority: Virginia Housing Development Authority

Available Credits: The Credits allocated to the Investor Member or State Historic Investor Member, as the case may be, by the Company pursuant to the Projections, the Revised Projections or the Company's tax return, as applicable.

Available Low-Income Housing Credit: The LIH Credits allocated to the Investor Member by the Company pursuant to the Projections, the Revised Projections or the Company's tax return, as applicable.

***Available Phase 1 State Historic Credit*:** The amount of the State Historic Credit certified by DHR (as defined below) for Phase 1.

***Available Phase 2 State Historic Credit*:** The amount of the State Historic Credit certified by DHR for Phase 2.

***Available Phase3 State Historic Credit*:** The amount of the State Historic Credit certified by DHR for Phase 3.

***Available Phase 4 State Historic Credit*:** The amount of the State Historic Credit certified by DHR for Phase 4.

Break-even: Any period, during which all gross revenue received from the normal operations of the Company, including the proceeds of rental interruption insurance but specifically excluding any funds provided from the reserves established pursuant to Exhibit A-6 to this Agreement or Loan proceeds, equals or exceeds all Project Expenses. For purposes of determining Break-even, income received and Project Expenses paid during the Break-even period but attributable to periods outside the Break-even period shall be excluded or allocated in accordance with generally accepted accounting principles, as appropriate. Additionally, Project Expenses shall include, pro rata on an annualized basis, all expenditures actually accrued during the Break-even period, including those of a seasonal nature, which reasonably might be expected to be incurred on an unequal basis during a full annual period of operation.

Buildings: collectively, the two (2) buildings consisting of Miller I and Miller II (as each is defined below) to be rehabilitated as part of the Project on the Company Property.

Capital Account: The capital account maintained by the Company for each Member, determined in accordance with Section 7.01.

Capital Contribution: The total amount of cash or any cash equivalents contributed or agreed to be contributed to the Company by each Member, including all adjustments thereto, as provided in this Agreement and Exhibit A. Any reference in this Agreement to the Capital Contribution of a substituted Member shall include all Capital Contributions previously made by any predecessor or former Member in respect of the Interest acquired by the substituted Member, subject to all adjustments thereto pursuant to this Agreement.

Capital Proceeds: Sale Proceeds and Refinancing Proceeds**.**

Cash Flow: The amount, determined for any Fiscal Year or portion thereof, equal to the excess, if any, of

(a) All gross revenue collected from the normal operations of the Company (including Section 8 payments under the HUD Documents but excluding Capital Proceeds) plus, with the Consent of the Investor Member (in its sole discretion), any amounts no longer deemed necessary for the efficient operations of the Company by the Managing Member released from Company reserves which are deposited into the Company's general accounts, over

(b) Project Expenses.

Cash Flow shall not be reduced by payments of any items described in the preceding clause (ii) made from the proceeds of any loans, from condemnation or insurance proceeds or directly from any reserve in accordance with the terms of this Agreement, or by depreciation and amortization taken into account for federal income tax purposes.

Certificate: The Articles of Organization for the Company that is prepared and filed in accordance with the Act, as such Certificate may be amended from time to time.

Certificated Phase**:** The Phase receiving the historic preservation certification by DHR.

Code: The Internal Revenue Code of 1986, as amended from time to time, or any corresponding provision or provisions of succeeding law.

Company: Miller I & II, LLC, a limited liability company formed under and pursuant to the Act.

***Company Administrative Fee*:** The fee payable to the Managing Member pursuant to that certain Company Administrative Fee Agreement by and between the Company and the Managing Member dated on or about the date hereof.

Company Property: The Company's fee simple interest in the land and improvements comprising a project known as Miller Lofts, which will, upon completion of construction and rehabilitation, contain one-hundred ninety-seven (197) Units in two (2) buildings located at 500 Stockton Street and 510 Decatur Street, Richmond, VA, the legal description and street address of which is set forth on Exhibit B attached and made a part hereof, together with such additions or improvements thereto as may hereafter be acquired by the Company in accordance with this Agreement.

Completion Date: The later of:

(a) The date on which the Company has completed the rehabilitation/construction of the buildings substantially in accordance with the relevant Project Documents, approved by the Investor Member and any construction consultant engaged by the Investor Member and evidenced by a certificate prepared and executed by the Architect indicating that construction and/or rehabilitation of the buildings has been completed in accordance with the relevant Project Documents, except for punch list items that are not material and do not impede the rental of the space in the buildings on a full rent paying basis, provided the Company has furnished funds or cash equivalents in escrow to provide for the completion of such punch list items; and

(b) The receipt of a permanent, or if necessary, temporary certificate of occupancy for the buildings comprising the Company Property including one hundred percent (100%) of the Units in the Project.

Compliance Period: The period specified in Section 42(i)(1) of the Code, as applicable to the Project.

Consent of the Managing Member: The written consent or approval of the Managing Member, which shall be obtained prior to the taking of any action for which it is required hereunder. If there is more than one Managing Member, Consent of the Managing Member shall require the affirmative consent of Managing Members holding at least a majority of the aggregate Percentage Interests of the Managing Members.

Consent of the Investor Member: The written consent or approval of the Investor Member, which shall be obtained prior to the taking of any action for which it is required hereunder. If there is more than one Investor Member, Consent of the Investor Member shall require the affirmative consent of Investor Members holding at least a majority of the aggregate Percentage Interests of the Investor Members. The Consent of the Investor Member shall not be unreasonably withheld, conditioned or delayed, unless the Consent is specifically stated in this Agreement to be at the sole discretion of the Investor Member.

Cost Certification: Certification by the Accountants, as soon as practicable after the Completion Date, of the costs of the Project, based on the accounting records and any other documentation deemed appropriate by the Accountants.

Credits: Collectively, (i) the LIH Credits, and (ii) the HTC Credits.

Credit Adjuster Payment: Payments to the Investor Member made by the Managing Member pursuant to Section 3.03.

Credit Deficiency: The amount by which the Credits received by the Investor Member or State Historic Investor Member are less than the Available Credits based on the Projections as adjusted by any reductions in Capital Contributions and any Credit Adjuster Payment(s) pursuant to Sections 3.03(a)(i),(iii),(iv), (vi), (vii) and (viii). For this purpose, the Investor Member and State Historic Investor Member shall be considered to have received Credits in the amount allocated to the Investor Member or State Historic Investor Member on the Company's federal income tax returns reduced by: (i) any adjustment of the Credits reported on the Company's tax return that is made by the IRS or a court in a Final Determination; and (ii) the amount of any recapture or claimed recapture of such Credits other than recapture which is a result of a disposition of all or a portion of the Interest of such Investor Member by such Investor Member or by any other action of the Investor Member.

Credit Period: The period specified in Section 42(f)(1) of the Code as applicable to the Project.

Credit Units: The one hundred ninety-seven (197) Units that will be operated in a manner so as to qualify as low-income units within the definition of Section 42(i)(3) of the Code.

Designated Proceeds: The sum of: (i) proceeds of the Loans and any grants; (ii) insurance proceeds arising out of casualties or condemnation as available from time to time; (iii) net rental income prior to the Completion Date; and (iv) Capital Contributions which are to be used for the purchase or rehabilitation of the Project.

Development Advance: The advances to the Company to be made by the Managing Member in the amounts and under the circumstances provided in Section 5.13(b).

Development Fee: The fees pursuant to Section 4 of the Amended and Restated Development Services Agreement attached hereto as Exhibit C and payable to the Person indicated on Exhibit A-4.

DHR**:** The Virginia Department of Historic Resources ("DHR").

Environmental Hazard: Any hazardous or toxic substance, waste or material, or any other substance, pollutant, or condition that poses a risk to the environment, including, but not limited to: (i) any "hazardous substance" as that term is defined under the Comprehensive Environmental Response, Compensation and Liability Act of 1980, 42

U.S.C. Section 9601, et seq. as amended; (ii) petroleum in any form, lead-based paint, asbestos, urea formaldehyde insulation, methane gas, polychlorinated biphenyls ("**PCBs**"), radon, mold, or lead in drinking water, 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; (iii) any underground storage tanks; (iv) accumulations of debris, mining spoil or spent batteries, except for ordinary garbage stored in receptacles for regular removal; or (v) any other condition that could result in liability for an owner or operator of the Project under any federal, state, local or common law, rule, regulation, ordinance or precedent pertaining to the environment.

Environmental Laws: (i) The Clean Air Act; (ii) the Clean Water Act; (iii) the Resource Conservation and Recovery Act; (iv) the Toxic Substance Control Act; (v) the Safe Drinking Water Control Act; (vi) the Comprehensive Environmental Response, Compensation and Liability Act of 1980, 42 U.S.C. Section 9601, et seq. as amended; (vii) the Occupational Safety and Health Act; (viii) the Residential Lead-Based Paint Hazard Reduction Act of 1992, including the Lead-Based Paint Poisoning Prevention Act and the implementing regulations at 24 CFR, part 35; and (ix) any other federal, state, local or common law, regulation, rule, ordinance, precedent or other requirement pertaining to the environment, and applicable to the Project.

Environmental Reports: Collectively, the Phase I environmental site assessment report dated January 30, 2013 and the Limited Vapor Intrusion Investigation Report dated August 8, 2013 prepared by Froehling & Robertson, Inc.

Event of Bankruptcy: With respect to any Person:

(a) The entry of a decree or order for relief by a court having jurisdiction in respect of such Person in an involuntary case under the federal bankruptcy laws, as now constituted or hereafter amended, or any other applicable federal or state bankruptcy, insolvency or similar law, or appointing a receiver, liquidator, assignee, custodian, trustee, sequestrator (or other similar official) for such Person or for any substantial part of his property, or ordering the winding-up or liquidation of his affairs, and the continuance of any such decree or order unstayed and in effect for a period of one hundred twenty (120) consecutive days;

(b) The commencement by such Person of a voluntary case under the federal bankruptcy laws, as now constituted or hereafter amended, or any other applicable federal or state bankruptcy, insolvency or similar law, or the consent by such Person to the appointment of or taking possession by a receiver, liquidator, assignee, trustee, custodian, sequestrator (or other similar official) for such person or for any substantial part of his property, or the making by such Person of any assignment for the benefit of creditors, or the taking of action by such Person in furtherance of any of the foregoing; or

(c) The commencement against such Person of an involuntary case under the federal bankruptcy laws, as now constituted or hereafter amended, or

any other applicable federal or state bankruptcy insolvency or similar laws which has not been vacated, discharged or bonded within ninety (90) consecutive days.

Extended Use Agreement: The agreement to be entered into between the Company and the Authority as required pursuant to Section 42(h)(6) of the Code.

Extended Use Period: The period specified in Section 42(h)(6)(D) of the Code.

Fair Market Value: A calculation, reviewed by the Accountants, of the amount the Members would receive upon a distribution pursuant to Article XII upon the liquidation of the Company after the sale of all of the Company Property by the Company for its Appraised Value and allocation of the resulting gain or loss pursuant to Section 7.02.

Fee Agreements: The fee agreements of even date herewith described on Exhibit A-4, and which are attached hereto as exhibits.

Final Determination: With respect to any issue, the earliest to occur of: (i) a decision, judgment, decree, or other order being issued by any court of competent jurisdiction, which decision, judgment, decree, or other order has become final (i.e., all allowable appeals requested by the parties to the action have been exhausted or the time for such appeals has expired); (ii) the IRS or the state agency having entered into a binding agreement with the Company or having reached a final administrative or judicial determination which, whether by law or agreement, is not subject to appeal; or (iii) the expiration of the applicable statute of limitations.

First Priority Mortgage Lender: Bank of America, N.A.

First Priority Mortgage Loan Documents: With respect to the First Priority Mortgage Loan as defined in Exhibit A-3, any and all documents executed by the Company in connection with such Loan, including, without limitation, any of the following: loan applications, loan commitments, notes, mortgages, regulatory agreements, building loan agreements, security agreements, and financing statements.

Fiscal Year: The calendar year or such other year that the Company is required by the Code to use as its taxable year.

Fulton: Fulton Financial Corporation, a Pennsylvania corporation and a financial holding company.

Gain: The income and gain of the Company for federal income tax purposes arising from a sale or other disposition of all or any portion of the Company Property. If the value at which an asset is carried on the books of the Company pursuant to the capital account maintenance rules of Treasury Regulation Section 1.704-1(b) differs from its adjusted tax basis and gain is recognized from a disposition of such asset, the gain shall be computed by reference to the asset's book basis rather than its adjusted tax basis.

Guarantor: Together, Miller Managing Member, LLC, a Virginia limited liability company, and Richard W. Gregory and Thomas W. Papa, each an individual and a resident of the Commonwealth of Virginia.

Guaranty Agreements: The guaranty agreements of even date herewith described on Exhibit A-4, and which are attached hereto as exhibits.

HTC Credits: The rehabilitation credits allowed under Section 47 of the Internal Revenue Code of 1986, as amended.

***Initial State Historic Capital Contribution*:** The State Historic Investor Member's first contribution in the amount shown on Exhibit A-1(a).

Immediate Family: With respect to any Person, his or her spouse, children, including adopted children, stepchildren, parents, parents-in-law, nephews, nieces, brothers, sisters, brothers-in-law, and sisters-in-law, each whether by birth, marriage, or adoption, as well as any inter vivos trusts created for the benefit of such Person or any of the foregoing.

Income from Operations to Project Expenses Ratio: the ratio of all gross revenue received from the normal operations of the Company, including the proceeds of rental interruption insurance but specifically excluding any funds provided from the reserves established pursuant to Exhibit A-6 to this Agreement or Loan proceeds to Project Expense.

Installment: As applicable, (a) an installment of the Investor Member's Capital Contribution, which is due as set forth in Exhibit A-1 or (b) an installment of the State Historic Investor Member's Capital Contribution, which is due as set forth in Exhibit A-1(a).

Interest: As to any Member, such Member's right, title, and interest in and to any and all assets, distributions, losses, profits and shares of the Company, whether cash or otherwise, and any other interests and economic incidents of ownership whatsoever of such Member in the Company.

Investor Member: Fulton Bank, N.A., a national banking association, and any Person who becomes a Substitute Investor Member as provided herein, in each such person's capacity as an investor member. If there is more than one investor member of the Company, the term "Investor Member" shall refer collectively to all such investor members.

IRS: The Internal Revenue Service.

Lease-up Period: The period commencing on the Miller I PIS Date and ending when the Project achieves Qualified Occupancy for all Credit Units.

Lease-up Reserve: The lease-up reserve described in Section (iii) of Exhibit A-6.

LIH Adjustment Limit: The amount determined as of any relevant date by which the Development Fee exceeds the aggregate of any payments previously made by the Company and the Managing Member pursuant to Section 3.03.

LIH Credits: The Low-Income Housing Tax Credit provided for under Section 42 of the Code, including the 4% new construction credit, as applicable.

Loan Documents: With respect to each Loan, any and all documents executed by the Company in connection with such Loan, including, without limitation, any of the following: loan applications, loan commitments, notes, mortgages, regulatory agreements, building loan agreements, security agreements, and financing statements.

Loans: The loans shown on Exhibit A-3, and any other loans made to the Company with the Consent of the Investor Member that are secured by the Project.

Loss: The loss of the Company for federal income tax purposes arising from a sale or other disposition of all or any portion of the Company Property. If the value at which an asset is carried on the books of the Company pursuant to the capital account maintenance rules of Treasury Regulation Section 1.704-1(b) differs from its adjusted tax basis and loss is recognized from a disposition of such asset, the loss shall be computed by reference to the asset's book basis rather than its adjusted tax basis.

Management Agent: Plus Management LLC, a Virginia limited liability company, or such other management agency that is acceptable to the Investor Member.

Managing Member: Miller Managing Member, LLC, a Virginia limited liability company, and any additional or substitute managing members of the Company named in any duly adopted amendment to this Agreement. If there is more than one managing member, the term "Managing Member" shall refer collectively to all such managing members.

Maximum Operating Deficit Loan Cap: $700,000.

Member or Members: The Managing Member, State Historic Investor Member and the Investor Member, either individually or collectively.

Member Nonrecourse Debt: Any Company liability to the extent the liability is nonrecourse for purposes of Treasury Regulation Section 1.1001-2 and a Member (or related person within the meaning of Treasury Regulation Section 1.752-4(b)) bears the economic risk of loss under Treasury Regulation Section 1.752-2.

Miller I: That certain building located at 500 Stockton, Richmond, Virginia.

Miller I PIS Date: The date on which Miller I is placed into service for purposes of the rehabilitation credit of Section 47 of the Internal Revenue Code of 1986, as amended.

Miller II: That certain building located at 510 Decatur, Richmond, Virginia.

Miller II PIS Date: The date on which Miller II is placed into service for purposes of the rehabilitation credit of Section 47 of the Internal Revenue Code of 1986, as amended.

Minimum Gain: The amount determined by computing for each Nonrecourse Liability and Member Nonrecourse Debt, the amount of Gain, if any, that would be realized by the Company if it disposed of the asset securing such liability for no consideration other than full satisfaction of the liability, and by then aggregating the separately computed Gains. For purposes of determining the amount of such Gain with respect to a particular Nonrecourse Liability or Member Nonrecourse Debt, the adjusted basis for federal income tax purposes (or its adjusted book value if it is carried on the Company's books, maintained in accordance with Treasury Regulation Section 1.704-1(b)(2)(iv), at a value different from its adjusted tax basis) of the asset securing the liability shall be allocated among all the liabilities that the asset secures in the manner set forth in Treasury Regulation Section 1.704-2(d)(2)(ii) (or successor provisions). It is the intent that Minimum Gain shall be computed in accordance with Treasury Regulation Section 1.704-2.

Mortgagees: The payees under the Loans, together with any successors or assigns in such capacity.

Mortgage Notes: The notes executed by the Company in favor of the Mortgagees for each of the Loans.

Mortgages: The mortgages or deeds of trust encumbering the Company Property that secure the Mortgage Notes.

Net Cash Flow: The amount, determined for any Fiscal Year or portion thereof, equal to the excess, if any, of

(a) Cash Flow, over

(b) the aggregate amount of the fees and other expenses payable from Cash Flow in such year set forth on Exhibit A-4.

Net Losses: The net loss of the Company for federal income tax purposes for each taxable year, calculated without regard to Gain or Loss and without regard to those items that are specially allocated in accordance with Regulatory Allocations or otherwise pursuant to Section 7.03; *provided, however*, that in determining net loss (i) any tax-exempt income received by the Company shall be included as an item of gross income, (ii) any expenditure of the Company described (or treated under Treasury Regulation Section 1.704-1(b)(2)(iv)(b) as described) in Section 705(a)(2)(B) of the Code shall be treated as a deductible expense, (iii) if the fair market value on the date that the asset is contributed to the Company (or if the basis of such asset for book purposes is adjusted under the Treasury Regulations, such adjusted book basis) differs from its adjusted basis for federal income tax purposes at the beginning of such year or other period, in lieu of the depreciation, amortization and other cost recovery deductions taken into account in computing such taxable income or loss, the amount for depreciation, amortization and

other cost recovery deductions shall be equal to an amount which bears the same ratio to such beginning fair market value (or adjusted book basis) as the federal income tax depreciation, amortization or other cost recovery deduction for such year or other period bears to such beginning adjusted tax basis, and (iv) if the value at which an asset is carried on the books of the Company differs from its adjusted tax basis and gain or loss is recognized from a disposition of such asset, the gain or loss shall be computed by reference to the asset's book basis rather than its adjusted tax basis.

Net Profits: The taxable income of the Company for federal income tax purposes for each taxable year, calculated without regard to Gain or Loss and without regard to those items which are specially allocated in accordance with the Regulatory Allocations or otherwise pursuant to Section 7.03; *provided, however*, that in determining taxable income (i) any tax-exempt income received by the Company shall be included as an item of gross income, (ii) any expenditure of the Company described (or treated under Treasury Regulation Section 1.704-1(b)(2)(iv)(b) as described) in Section 705(a)(2)(B) of the Code shall be treated as a deductible expense, (iii) if the fair market value on the date that the asset is contributed to the Company (or if the basis of such asset for book purposes is adjusted under the Treasury Regulations, such adjusted book basis) differs from its adjusted basis for federal income tax purposes at the beginning of such year or other period, in lieu of the depreciation, amortization and other cost recovery deductions taken into account in computing such taxable income or loss, the amount for depreciation, amortization and other cost recovery deductions shall be equal to an amount which bears the same ratio to such beginning fair market value (or adjusted book basis) as the federal income tax depreciation, amortization or other cost recovery deduction for such year or other period bears to such beginning adjusted tax basis, and (iv) if the value at which an asset is carried on the books of the Company differs from its adjusted tax basis and gain or loss is recognized from a disposition of such asset, the gain or loss shall be computed by reference to the asset's book basis rather than its adjusted tax basis.

***New State Historic Investor*:** An entity admitted as a Member of the Company to receive the Remaining State Historic Credits (as defined below) as a state historic investor member.

Nonrecourse Liability: Any liability to the extent that no Member or related person bears (or is deemed to bear) the economic risk of loss within the meaning of Treasury Regulation Section 1.752-2.

Notice: A writing containing the information required by this Agreement and sent by registered or certified mail, postage prepaid, return receipt requested, or sent by commercial delivery service, by hand delivery, or by telecopy, paid for by the sender, to a Member at the last address or addresses designated for such purpose by such Member in Section 15.02 or as provided therein, the date of receipt of such registered mail or certified mail or the date of actual receipt of such writing by commercial delivery service, hand delivery or telecopy (with regard to telecopy, the receipt must be acknowledged by the recipient to the sender), being deemed the date of such Notice.

Notice Certifications: The certifications described in Section 3.02(c) and more fully set forth in Exhibit A-7 required to be provided by the Managing Member to the Investor Member in the Additional Capital Contribution Notices.

Operating Deficit: With respect to any period of time beginning after the Miller I PIS Date, the amount by which Project Expenses exceed all gross revenue received from normal operations of the Company, including government subsidies, rental interruption insurance proceeds and insurance proceeds resulting from casualty or condemnation during such periods.

Operating Deficit Contribution: A capital contribution to the Company by the Managing Member, which shall be required under the circumstances described in Section 5.14 and shall be treated as Capital Contributions of the Managing Member.

Operating Deficit Loan: A loan to the Company by the Managing Member, which shall be required under the circumstances described in Section 5.14 and shall be an interest-free, unsecured loan by the Managing Member.

Operating Reserve: The reserve to be funded in accordance with Section 5.17.

Operating Reserve Amount: The amount of the Operating Reserve shown on Exhibit A-2.

Percentage Interest: As to any Member, the percentage in the Company shown opposite the name of such Member in Exhibit A, as it may be amended from time to time in accordance with this Agreement.

Person: An individual or entity, such as, but not limited to, a corporation, general partnership, joint venture, limited partnership, limited liability company, trust, cooperative, or association and the heirs, executors, administrators, legal representatives, successors, and assigns of such Person where the context so requires.

Phase: Phase 1, 2 3 and/or 4 means the completion of a phase of the Project for State Historic Credit purposes.

Phase 1 State Historic Credits: The State Historic Credits created in connection with Phase 1.

Phase 2 State Historic Credits: The State Historic Credits created in connection with Phase 2.

Phase 3 State Historic Credits: The State Historic Credits created in connection with Phase 3.

Phase 4 State Historic Credits: The State Historic Credits created in connection with Phase 4.

***Phase 1 Forecasted State Historic Credit*:** The State Historic Credits created in connection with Phase 1, shown on Exhibit A-1(a), as may be adjusted in accordance with this Agreement. .

***Phase 2 Forecasted State Historic Credit*:** The State Historic Credits created in connection with Phase 2, shown on Exhibit A-1(a), as may be adjusted in accordance with this Agreement.

***Phase 3 Forecasted State Historic Credits*:** The State Historic Credits created in connection with Phase 3, shown on Exhibit A-1(a), as may be adjusted in accordance with this Agreement. .

***Phase 4 Forecasted State Historic Credit*:** The State Historic Credits created in connection with Phase 4, shown on Exhibit A-1(a), as may be adjusted in accordance with this Agreement.

Prime Rate: The posted prime rate as published by Fulton Bank, N.A., a National Banking Association, from time to time.

Project: The aggregate of all of the individual buildings and dwelling units and the common areas and facilities appurtenant thereto located in or around the Company Property.

Project Documents: The construction contracts, agreements with architects and engineers, the Fee Agreements, the Guaranty Agreements, the Extended Use Agreement, the property management agreement, this Agreement and all exhibits hereto, and any other document or instrument executed in connection with any of the aforesaid documents.

Project Expenses: All costs and expenses of any type incurred on a cash basis, and not otherwise accounted for as part of the Project construction budget, incident to the equipping, financing, ownership and operation of the Project after the Miller I PIS Date for purposes of Miller I and the Miller II PIS Date for purposes of Miller II (for this purpose, actual expenditures during the period at issue, including those of a seasonal nature, which might be expected to be incurred on an unequal basis during a full annual period of operation shall be deemed to be incurred pro rata on an annual basis), including the funding of the Replacement Reserve, payments of fees to the Members or their Affiliates (other than fees, the payment of which is contingent on the amount of Cash Flow or Capital Proceeds including but not limited to the fees due to the Investor Member pursuant to the Investor Service Agreement or the Managing Member pursuant to the Company Administrative Fee Agreement), taxes, any required payments of principal and interest on any Loans that are not contingent on the amount of Cash Flow or Capital Proceeds and any other Company loans or obligations (including loans from Members except for Credit Adjuster Payments) and the costs of capital improvements to the Company Property incurred after the Miller I PIS Date or the Miller II PIS Date, as applicable to Miller I or Miller II, respectively, and not funded or to be funded from the Company's Replacement Reserve (described on Exhibit A-6). Project Expenses shall not

include any taxes or costs to be paid from the Insurance and Tax Escrow but shall include any contributions to the Insurance and Tax Escrow required by the First Priority Mortgage Loan Documents or this Agreement.

Projections: The projections of the anticipated results of the operation of the Company based on information provided by the Managing Member and reviewed by the Accountants attached hereto as Exhibit G to this Agreement.

Qualified Occupancy: The occupancy of a Credit Unit by a Qualifying Tenant or the state of being held for occupancy by a Qualifying Tenant after such Unit becomes vacant subsequent to its rental to a Qualifying Tenant.

Qualifying Tenant: A tenant whose income does not exceed the relevant limit set forth in Section 42(g)(1) of the Code.

Refinancing Proceeds: The excess of the gross proceeds of any borrowings by the Company, other than the Loans, over the sum of the following to the extent paid out of such gross proceeds: (i) any amounts disbursed to repay then existing loans of the Company and to pay and provide for all debts and obligations of the Company then to be paid or which are otherwise then due (not including, however, any Operating Deficit Contributions or Operating Deficit Loans made or Credit Adjusters deemed to be made to the Company by the Managing Member), (ii) all reasonable expenses of such borrowings, including, without limitation, all commitment fees, brokers' commissions, and attorneys' fees, (iii) all amounts paid to improve the Company Property or for any other purpose in order to satisfy conditions to or established in connection with such borrowings, and (iv) any amounts used to meet the operating expenses of the Company Property and to fund the Replacement Reserve.

Regulatory Allocations: The special allocations set forth in Sections 7.03(a), (b), (c), and (e), which are intended to comply with certain requirements of Treasury Regulation Sections 1.704-1(b) and 1.704-2.

Release Date: the latter of (a) the fifth anniversary of the Stabilization Date, or (b) the date the Project has achieved an Income from Operations to Project Expenses Ratio of at least 1.25:1.00 for the twelve month period immediately prior to such date or (c) the date the Project has achieved an Income from Operations to Project Expenses Ratio of at least 1.25:1.00 for each of the 3 months immediately prior to such date. Notwithstanding the foregoing, if, each of the items in (a), (b) and (c) have been satisfied on a date and the balance in the Operating Reserve is less than $800,000 on such date, the Release Date shall be delayed until such time as the balance in the Operating Reserve is equal to or greater than $800,000.

Remaining State Historic Credits: The State Historic Credits not allocated to the State Historic Investor Member as a result of the Company exercising the State Historic Investor Redemption Option.

Replacement Reserve: The reserve to be funded in accordance with Section 5.17.

Repurchase Stabilization Date: The Stabilization Date.

Revised Projections: The projections of the anticipated results of the operation of the Company to be prepared by the Accountants after the Authority has issued a final Form 8609 with respect to one-hundred percent (100%) of the Credit Units and all Units have been placed in service but prior to the time of payment of the Ninth Installment of the Investor Member's Capital Contribution, including an internal rate of return calculated in the same manner of the internal rate of return calculated in the Projections and reflecting adjustment or payment, the actual timing of the receipt of Credits and the actual amount and timing of Capital Contributions, adjustments or payments.

Sale Proceeds: The excess of all cash receipts and other consideration arising from the sale or other disposition of all or any portion of the Company Property or any proceeds realized from condemnation, insured casualty, or insured title defect, but excluding proceeds from rental interruption insurance or a temporary condemnation in the nature of a lease, if any, over the sum of the following to the extent paid out of such cash receipts and other consideration: (i) the amount of cash disbursed or to be disbursed in connection with or as an expense of such sale or other disposition, (ii) the amount necessary for the payment of all debts and obligations of the Company arising from or otherwise related to such sale or other disposition or to which the Company Property is subject and which are otherwise then due (not including, however, any Operating Deficit Contributions or Operating Deficit Loans made or Credit Adjuster Payments deemed to be made to the Company by the Managing Member), and (iii) any amounts used to meet the operating expenses of the Company Property and to fund the Replacement Reserve.

Stabilization: Such time as the Project has placed all Units in service and achieved an Income from Operations to Project Expenses Ratio of at least 1.10:1.00 on a seasonally adjusted accrual accounting basis (including required reserve contributions and debt service) for a period of three (3) consecutive months.

Stabilization Date: The first date of the calendar month after which Stabilization has been achieved.

State: All states and the District of Columbia as applicable.

State Historic Investor Member: Miller Lofts SCP, LLC, a Virginia limited liability company.

State Historic Credits: The rehabilitation tax credits allowed under Section 58.1-339.2 of the Code of Virginia.

State Historic Credit Price: $0.70 in cash for each dollar of the Company's State Historic Credits that the Company allocates to the State Historic Investor Member.

State Historic Determination Date: The date, which is ten business days following the date on which the State Historic Funding Conditions (as defined below) for the applicable Phase are satisfied.

***State Historic Funding Conditions*:** The conditions described in Section 3.02 (c), below.

***State Historic Investor Contribution*:** The sum of the Initial State Historic Contribution and the Additional State Historic Capital Contribution, shown on Exhibit A-1(a), as may be adjusted in accordance with this Agreement.

***State Historic Investor Default Redemption Option*:** The option granted the Company pursuant to Section 3.02(c)(ix).

Substitute Investor Member: Any Person admitted from time to time to the Company as a Investor Member in accordance with the provisions of Article X hereof and so reflected on Exhibit A, as such Exhibit A may be amended from time to time in accordance with this Agreement.

Tax Matters Member: The Managing Member.

Term: The period of time the Company shall continue in existence as stated in Section 1.07.

Title Policy: That certain title policy issued by Old Republic Title Insurance Company in a commercially reasonable amount equal to the sum of the Loans and the Investor Member's Capital Contributions (the "**Owner's Title Policy Amount**"), in favor of the Company and in force as of the date hereof insuring the Company's title to the Company Property.

Treasury Regulations: The temporary and final regulations promulgated under the Code, as such regulations may be amended from time to time (including corresponding provisions of succeeding regulations).

Units: The individual dwelling units of residential rental housing located on the Company Property.

Upward Adjustment Amount: The amount determined under Section 3.03(a)(i).

2.02 Rules of Construction

(a) Unless the context clearly indicates to the contrary, the following rules apply to the construction of this Agreement:

(i) Words importing the singular number include the plural number and words importing the plural number include the singular number;

(ii) Words of the masculine gender include correlative words of the feminine and neuter genders, and vice-versa;

(iii) The table of contents and the headings or captions used in this Agreement are for convenience of reference and do not constitute a part of this Agreement, nor affect its meaning, construction, or effect;

(iv) Words importing persons include any individual, corporation, partnership, limited liability company, joint venture, association, joint stock company, trust, unincorporated organization, or government or agency or political subdivision thereof;

(v) Any reference in this Agreement to a particular "Article," "Section," or other subdivision shall be to such Article, Section, or subdivision of this Agreement unless the context shall otherwise require;

(vi) Each reference in this Agreement to an agreement or contract shall include all amendments, modifications, and supplements to such agreement or contract unless the context shall otherwise require; and

(vii) When any reference is made in this document or any of the schedules or exhibits attached hereto to the Agreement, it shall mean this Agreement, together with all other schedules and exhibits attached hereto, as though one document.

(b) In the event there is more than one Investor Member or more than one Managing Member, the following additional rules of construction shall apply unless otherwise provided:

(i) Allocations to the Managing Member and Investor Member of Gain, Net Profits, Net Losses, Loss and credits under Article VII, and distributions of Net Cash Flow and Capital Proceeds under Article VIII shall be further allocated and/or distributed between or among the Managing Members and/or Investor Members in proportion to each Managing or Investor Member's respective Percentage Interest as set forth on Exhibit A. Unless otherwise provided herein, no Managing Member shall have a superior right to receive distributions than any other Managing Member and no Investor Member shall have a superior right to receive distributions than any other Investor Member;

(ii) With respect to any matter on which the approval or ratification of the Managing or Investor Members is required or may be given, such approval or ratification shall not be deemed to have been given unless given by Consent of the Managing or Investor Members, as the case may be;

(iii) With respect to any matter on which the approval or ratification of the Managing or Investor Members is required or may be given, each Managing or Investor Member, as the case may be, shall be entitled to vote; and

(iv) Unless otherwise provided herein, the Managing Member's obligation to make Credit Adjuster Payments pursuant to Section 3.03, Development Advances pursuant to Section 5.13, Operating Deficit Contributions or Operating Deficit Loans pursuant to Section 5.14, and the Managing Member's obligation to purchase the Investor Member's Interest pursuant to Section 5.16, shall be joint and several as to each Managing Member.

ARTICLE III - COMPANY INTERESTS AND SOURCES OF FUNDS

3.01 Identity of Members and Percentage Interests

The names and business addresses of the Managing Member, the Investor Member and the State Historic Investor Member are as identified on Exhibit A-5, as such exhibit may be amended from time to time in accordance with this Agreement and each such Member has the Percentage Interest indicated next to its name.

3.02 Capital Contributions

(a) *Managing Member*. Subject to the provisions of this Section 3.02, the Managing Member shall be obligated to (and does hereby covenant and agree to) contribute to the capital of the Company, by wire transfer or other form of available funds, the aggregate amount set forth after the Managing Member's name on Exhibit A no later than the Admission Date. In addition, in exchange for its Interest, the Managing Member agrees to perform the following services:

(i) Syndication Services. The Managing Member will perform services in connection with syndication and sale of the Investor Member Interest to the Investor Member, including providing the Investor Member with all relevant information; preparing a financial plan to admit the Investor Member, conducting due diligence on behalf of the Company in connection with the admission of the Investor Member, and preparing appropriate disclosure documents related to the admission of the Investor Member in compliance with all federal, state and local securities laws.

(ii) Financing Services. The Managing Member will perform services in connection with permanent financing, including obtaining commitments for all permanent financing for the Project, including providing information to prospective lenders; negotiating final loan commitments; coordinating all loan closing checklist requirements with lenders; and monitoring loan requirements during the term of the loans.

(b) *Investor Member*.

(i) Subject to the provisions of this Section 3.02, the Investor Member shall be obligated to (and does hereby covenant and agree to) contribute to the capital of the Company, by wire transfer or other form of available funds, the aggregate amount set forth after the Investor

Member's name on Exhibit A. The Investor Member shall pay its Capital Contribution in Installments, in the amounts and at the times indicated on Exhibit A-1; *provided, however*, that the actual order of such Installments may vary based upon the completion of the Project and shall be due any payable upon satisfaction of the relevant event on Exhibit A regardless of timing, and provided, further, that the date for payment of any Additional Capital Contribution shall be the Additional Capital Contribution Due Date, which may be deferred in accordance with Section 3.02(b)(iii). Except as provided in this Section 3.02(b), the Investor Member shall not be obligated to make any Capital Contributions to the Company. All required Capital Contributions shall be subject to any applicable adjustments. The Investor Member shall, however, have the right to make further Capital Contributions to the Company, including the right to agree to make a limited or unlimited contribution to the extent necessary to eliminate a deficit in its Capital Account. This deficit restoration shall be optional to the Investor Member and shall not be enforceable by any party.

(ii) *Notice Certifications*. The Managing Member shall deliver an Additional Capital Contribution Notice to the Investor Member which shall include the Notice Certifications in the exact form attached as Exhibit A-7 not more than forty (40) days and not less than five (5) days in advance of the due date of each Additional Capital Contribution. The delivery and accuracy of the Additional Capital Contribution Notice shall be a condition precedent to the Investor Member's obligation to fund any installment of the Investor Member's Additional Capital Contribution.

(iii) *Deferral of Additional Capital Contribution Due Date*. Should the Managing Member fail to certify that each of the relevant Notice Certifications is materially true and correct in its Additional Capital Contribution Notice, and to reconfirm the material accuracy of the relevant Notice Certifications as of the due date of any given Additional Capital Contribution, or should any of the relevant Notice Certifications be in fact materially untrue, the Additional Capital Contribution Due Date shall be deferred until five (5) days after such time as the Managing Member is able to and does certify that each of the relevant Notice Certifications is materially true, and each of the relevant Notice Certifications is in fact materially true, and failure to pay such Additional Capital Contribution prior to such time shall not constitute a default of the Investor Member.

(iv) *Discretion to Waive Preconditions*. The Investor Member, in its sole and absolute discretion, may waive, in whole or in part, any one or more preconditions to the payment of any Additional Capital Contribution and may accelerate or otherwise pay all or a portion of the amount of such Additional Capital Contribution that would have been due had all of the preconditions been satisfied. The waiver of any precondition, in whole or in part, shall not prevent the Investor Member from asserting the failure of

the precondition as a defense against the requirement of paying the remainder of an Additional Capital Contribution or any other Additional Capital Contribution. Upon request from the Investor Member, the Managing Member, with the assistance of the Accountants, shall provide the information necessary for the Investor Member to determine the necessity and amount of an acceleration of any Additional Capital Contribution.

(v) *Default*. In the event that the Investor Member fails to pay any portion of any Additional Capital Contribution (as such Additional Capital Contribution may be adjusted in accordance with Section 3.03) by the Additional Capital Contribution Due Date (as the same may be deferred pursuant to Section 3.02(b)(iii)) and any such failure is not cured within ten (10) business days after written Notice of such failure, the Investor Member shall be deemed to be in default of its obligations under this Agreement and the Managing Member shall be entitled to take all actions available to the Company, including, without limitation, instituting a suit at law or in equity; *provided, however*, in the event of a Final Determination in favor of the Company, the defaulting Investor Member shall pay to the Company all Additional Capital Contributions plus expenses of collection including reasonable attorney's fees and court costs and accrued interest at the Prime Rate plus two percent (2%) thereon from the date of default until payment is made. Such payment, if made within five (5) business days of a Final Determination, shall constitute the sole remedy of the Company under this Section 3.02. Notwithstanding any provisions of Section 3.02, upon payment of all amounts owed pursuant to the terms of this Section 3.02(b)(v) as a result of the default of the Investor Member, and provided such payment is received prior to execution of a contract by a non-Affiliate to purchase the defaulting Investor Member's Interest (which contract shall not be executed until after 10 days after the Final Determination in favor of the Company), the Investor Member shall be fully reinstated to its former Interest and Percentage Interest in the Company, including, but not limited to, the defaulting Investor Member's former share of distributions, as though a default under this Section 3.02(b)(v) had not occurred. In the event of a Final Determination in favor of the Investor Member resulting from the Managing Member's actions under this Section 3.02(b)(v), the Managing Member shall pay to the Investor Member reasonable attorney's fees and court costs incurred by the Investor Member as a result of the Managing Member's actions under this Section 3.02(b)(v).

(vi) *Sale of Investor Member's Interest*. Subject to the provisions of Section 3.02(b)(v) in the event of a default pursuant to Section 3.02(b)(v), the Company may offer to sell the defaulting Investor Member's Interest first to the non-defaulting Investor Members, and if they do not collectively purchase all of the defaulting Investor Member's Interest, then the balance to any other Person on such commercially

reasonable terms and conditions as the Managing Member deems most favorable under the circumstances. Any amount that the Person acquiring the Interest of the defaulting Investor Member shall pay in consideration of the acquisition of such Interest shall be applied in the following order: (i) to the payment of all reasonable fees and expenses incurred by the Company in connection with such sale and the enforcement of this provision including reasonable attorney fees; (ii) to the payment of the Additional Capital Contribution payment and any interest thereon then required to be paid by the defaulting Investor Member; (iii) to the payment, if any, of any future Additional Capital Contributions of the defaulting Investor Member; and (iv) any balance to the Company.

(vii) *Obligations of Defaulting Investor Member upon Sale*. The obligations of a defaulting Investor Member to the Company shall be extinguished upon completion of the transfer of the defaulting Investor Member's Interest to a purchaser described in Section 3.02(b)(vi); *provided, however*, that the obligation of the defaulting Investor Member to make payments as required under Section 3.02(b)(v) and to fully reimburse the Company for fees and expenses as enumerated in Section 3.02(b)(v)(i) shall only be extinguished by, and to the extent of, the aggregate of payments to be made by the purchaser or purchasers of the defaulting Investor Member's Interest.

(viii) *Rights of Nondefaulting Investor Members*. All rights and benefits of a defaulting Investor Member attributable to such Member's Interest in the Company shall be suspended during the period of default, and such suspension shall terminate on the date of the curing of such default (if such curing is permitted under Section 3.02(b)(v)), or upon the admission of a purchaser of such Interest pursuant to this Section as a Substitute Investor Member. Upon the termination of such defaulting Investor Member's Interest in the Company, all rights and benefits of such defaulting Investor Member attributable to such Member's Interest in the Company shall terminate. If such suspension is in effect at the end of the Company's Fiscal Year, the profits and losses and Credits attributable to the defaulting Investor Member's Interest during the period of suspension that have not been allocated to such defaulting Investor Member in a tax return filed by the Company shall be allocated to the extent permitted under the Code and the Treasury Regulations thereto and this Agreement, to the non-defaulting Investor Members, pro rata in accordance with their Interests, until the admission of a Substitute Investor Member in place of the defaulting Investor Member.

(c) *State Historic Investor Member*.

(i) The Project shall involve completion of the rehabilitation of the Property in four (4) Phases as approved by DHR, identified as "Phase

1", "Phase 2", "Phase 3 " and "Phase 4", as described on Exhibit A-1(a). It is anticipated that (i) Phase 1 State Historic Credits and Phase 2 State Historic Credits will be certified for 2013 and (ii) Phase 3 State Historic Credits and Phase 4 State Historic Credits will be certified for 2014. The State Historic Investor hereby agrees to contribute the State Historic Credit Price to the Company. The Managing Member and the State Historic Investor Member anticipate that, over and above the Initial State Historic Investor Capital Contribution, the State Historic Investor Member shall contribute the Additional State Historic Capital Contribution. It is anticipated that the State Historic Investor Contribution (as adjusted pursuant to this Agreement) will be made in five (5) installments, the Initial (or First) State Historic Capital Contribution; the Second State Historic Capital Contribution; the Third State Historic Capital Contribution; the Fourth State Historic Capital Contribution, and the Fifth State Historic Capital Contribution.

(ii) The State Historic Investor Contribution is based on the following assumptions:

(A) The First State Historic Capital Contribution and Second State Historic Capital Contribution are based on the assumption that the Phase 1 Forecasted State Historic Credit is allocated to the State Historic Investor Member.

(B) The Third State Historic Capital Contribution is based on the assumption that the Phase 2 Forecasted State Historic Credit is allocated to State Historic Investor Member.

(C) The Fourth State Historic Capital Contribution is based on the assumption that the Phase 3 Forecasted State Historic Credit is allocated to the State Historic Investor Member.

(D) The Fifth State Historic Capital Contribution is based on the assumption that the Phase 4 Forecasted State Historic Credit is allocated to the State Historic Investor Member.

(iii) If the amount of the Company's State Historic Credits set forth in the Part 3 of the historic preservation certification by DHR for any Phase (the "Certificated Phase") exceeds the Projected Threshold for such Certificated Phase, (a) the Managing Member shall allocate all of the excess State Historic Credits for such Certificated Phase over the Forecasted State Historic Credit for such Certificated Phase to the State Historic Investor Member and (b) the portion of the Additional State Historic Investor Capital Contribution applicable to the Certificated Phase will be increased by an amount calculated as the State Historic Credit Price multiplied times the amount by which (i) the Certificated Phase's

Available State Historic Credits exceeds such Certificated Phase's Forecasted State Historic Credit. In the event the amount of the Available State Historic Credit for such Certificated Phase is less than the Projected State Historic Credit of such Certificated Phase, the adjuster provisions set forth in Section 3.03(b) below shall apply.

(iv) The obligation of the State Historic Investor Member to invest the Additional State Investor Capital Contribution shall be conditioned on satisfaction of the specific conditions for each installment as set forth in Exhibit A-1(a) and with respect to all installments, the following conditions (the "Funding Conditions") :

(A) completion of the rehabilitation of the Property on or before December 31, 2013, with respect to Phase 1 and Phase 2 or December 31, 2014, with respect to Phase 3 and Phase 4, as evidenced by the issuance by the inspecting architect certifications of substantial completion or permitting for occupancy with respect to the applicable Phase;

(B) the issuance, on or before February 15, 2014, with respect to Phase 1 and Phase 2 or February 15, 2015, with respect to Phase 3 and Phase 4, of Part 3 of the historic preservation certification of the applicable Phase by DHR designating the Property a "certified historic rehabilitation" pursuant to Section 58.1-339-2 of the Code of Virginia and any rules or regulations issued thereunder and determining the amount of the Company's State Historic Credits with respect to the applicable Phase;

(C) the Company shall not have received a notice of threatened or impending foreclosure of the Property;

(D) the Property shall be owned by the Company; and

(E) Managing Member shall not have failed to comply, in a material manner, with any material provision under this Agreement.

(v) The Additional State Historic Capital Contribution with respect to each Phase will be invested by the State Historic Investor Member by the State Historic Determination Date, provided, however, Managing Member shall deliver Additional State Historic Capital Contribution Notice certifying to the State Historic Investor Member that

as of the State Historic Determination Date, with respect to such Phase: (i) the representations and warranties of the Company and Managing Member set forth in this Agreement remain materially true, accurate and correct, to the knowledge of the Company and Managing Member, (ii) the cost certification with respect to such Phase, prepared by the Accountants and submitted to DHR (a copy of which shall be delivered to the State Historic Investor Member simultaneously with the State Historic Capital Contribution Notice) includes only expenses paid by the Company which are properly includable as rehabilitation expenses qualifying for rehabilitation tax credits under Section 58.1-339.2 of the Virginia Code, and (iii) the Managing Member and the Company are still in good standing and the Company is still authorized to engage in the activities as set forth in this Agreement.

(vi) *Notice Certifications*. The Managing Member shall deliver an State Historic Capital Contribution Notice to the State Historic Investor Member which shall include the Notice Certifications in the exact form attached as Exhibit A-7 not more than forty (40) days and not less than five (5) days in advance of the due date of each Additional State Historic Capital Contribution. The delivery and accuracy of the Additional State Historic Capital Contribution Notice shall be a condition precedent to the State Historic Investor Member's obligation to fund any installment of the State Historic Investor Member's Additional State Historic Capital Contribution.

(vii) *Deferral of Additional Capital Contribution Due Date*. Should the Managing Member fail to certify that each of the relevant Notice Certifications is materially true and correct in its Additional State Historic Capital Contribution Notice , and to reconfirm the material accuracy of the relevant Notice Certifications as of the due date of any given Additional State Historic Capital Contribution, or should any of the relevant Notice Certifications be in fact materially untrue, the Additional Capital Contribution Due Date shall be deferred until five (5) days after such time as the Managing Member is able to and does certify that each of the relevant Notice Certifications is materially true, and each of the relevant Notice Certifications is in fact materially true, and failure to pay such Additional State Historic Capital Contribution prior to such time shall not constitute a default of the State Historic Investor Member.

(viii) *Discretion to Waive Preconditions*. The State Historic Investor Member, in its sole and absolute discretion, may waive, in whole or in part, any one or more preconditions to the payment of any Additional State Historic Capital Contribution and may accelerate or otherwise pay all or a portion of the amount of such Additional State Historic Capital Contribution that would have been due had all of the preconditions been satisfied. The waiver of any precondition, in whole or in part, shall not

prevent the State Historic Investor Member from asserting the failure of the precondition as a defense against the requirement of paying the remainder of an Additional State Historic Capital Contribution or any other Additional State Historic Capital Contribution. Upon request from the State Historic Investor Member, the Managing Member, with the assistance of the Accountants, shall provide the information necessary for the State Historic Investor Member to determine the necessity and amount of an acceleration of any Additional State Historic Capital Contribution.

(ix) *Default by State Historic Investor Member*. In the event the State Historic Investor Member fails to make any of the Additional State Historic Capital Contributions as required in Section 3.03(v) above, in addition to any other rights or remedies of Company in respect of such event, following thirty (30) days written notice to State Historic Investor Member, the Company shall have the option, without obligation, to redeem 99.99% of the State Historic Investor Member's Membership Interest in the Company for $100.00 (the "State Historic Investor Default Redemption Option"). The parties will execute all documents and certificates necessary to affect the Default Redemption as of the closing date set forth in the Default Redemption Notice, and the State Historic Investor Member's Membership Interest in the Company will reduced to 0.01% as of that date. The Managing Member shall have the right to act as attorney-in-fact for the State Historic Investor Member, to execute all documents and certificates and to do all things necessary and proper to affect such redemption, transfer and withdrawal. The preceding sentence does not abate the obligation of the State Historic Investor Member to cooperate timely and fully with any transfer under this Section. Notwithstanding anything in this Agreement to the contrary, if the Managing Member elects to exercise the Default Redemption Option, the State Historic Investor Member shall be entitled to receive an allocation of Company's State Credits in an amount equal to: (i) the product of (x) the total amount of Capital Contributions made by the State Historic Investor Member times (y) 1.4286 times. The Remaining State Historic Credits will be allocated to the New State Historic Investor or its designee.

(x) New State Historic Investor Member. The Members acknowledge and agree that Company may admit the New State Historic Investor as a Member of the Company and receive an allocation of the Remaining State Historic Credits, with the remaining percentage interest that was held by the State Historic Investor Member before its interest was diluted as described in (ix) above. In that case, this Agreement will be amended, and a new addendum will be attached and incorporated into this Agreement, to reflect (i) the admission of the New State Credit Investor based on substantially the same terms and conditions that the State Historic Investor Member was admitted with respect to the State Historic Credits, (ii) the New State Historic Investor having the same rights and

obligations with respect to the Remaining State Historic Credits that the State Historic Investor Member has with respect to the Remaining State Historic Credits, and (iii) the State Historic Investor Member being released of the rights and obligations with respect to making contributions in connection with the Remaining State Historic Credits. The Members hereby agree to execute such other documents as necessary to affect the intent of this Section.

3.03 Adjustments to Capital Contributions

(a) Notwithstanding anything to the contrary herein, upon occurrence of any of the *events* set forth below, the Investor Member's Capital Contribution shall be adjusted, and the Company, Investor Member and Managing Member shall have obligations, as follows:

(i) If the Aggregate Available Low-Income Housing Credit is less than the Aggregate Forecasted Available Low-Income Housing Credit, then the Ninth Installment of the Investor Member's Capital Contribution shall be reduced by an amount equal to 95% of the difference between the Aggregate Forecasted Available Low-Income Housing Credit and the Aggregate Available Low-Income Housing Credit (see Section 3.03(a)(viii) if the adjustment exceeds the Ninth Installment) and if the Aggregate Available Federal Historic Tax Credit is less than the Aggregate Forecasted Available Federal Historic Tax Credit, then the Ninth Installment of the Investor Member's Capital Contribution shall be reduced by an amount equal to 88.00% of the difference between the Aggregate Forecasted Available Federal Historic Tax Credit and the Aggregate Available Federal Historic Tax Credit (see Section 3.03(a)(viii) if the adjustment exceeds the Ninth Installment);

(ii) (A) If the Aggregate Available Low-Income Housing Credit is greater than the Aggregate Forecasted Available Low-Income Housing Credit, then the Investor Member's aggregate Capital Contribution shall be increased by an amount equal to 95% of the difference between the Aggregate Available Low-Income Housing Credit and the Aggregate Forecasted Available Low-Income Housing Credit and (B) if the Aggregate Available Federal Historic Tax Credit is greater than the Aggregate Forecasted Available Federal Historic Tax Credit, then the Investor Member's aggregate Capital Contribution shall be increased by an amount equal to 88.00% of the difference between the Aggregate Available Federal Historic Tax Credit and the Aggregate Forecasted Available Federal Historic Tax Credit; provided, however, with regard to the LIH Credit, the Investor Member’s aggregate Capital Contribution shall not exceed $8,555,103 unless consented to by the Investor Member in its sole discretion. In the event that there are additional Credits which would otherwise cause the Investor Member’s aggregate Capital Contribution to exceed $8,555,103 or such other amount as may be agreed

to by the Investor Member in its sole discretion, then the additional Credits for which the Investor Member is not contributing a Capital Contribution shall be allocated to the Managing Member. Said increase shall be payable on the due date of the Ninth Installment (or, if the adjustment under this Section 3.03(a)(ii) is due to an adjustment of the Aggregate Available Low-Income Credit upon receipt of approved Form 8609s, the Ninth Installment);

(iii) If there is an acceleration or delay in the receipt of LIH Credits during year one or year two of the Compliance Period from the Aggregate Forecasted Available Low-Income Housing Credit as presented in the Projections, there will be an adjustment to the Investor Member's total Capital Contribution. The amount of the adjustment will be the amount required so that the Investor Member's internal rate of return reflecting the actual timing of receipt of the LIH Credits and actual timing of payments of Capital Contributions attributable to LIH Credits and any Capital Contribution adjustment or payment attributable to LIH Credits, as required by clauses (i), (ii), (iv), (vi) or (vii), as reflected in the Revised Projections, equals the Investor Member's internal rate of return attributable to LIH Credits, as reflected in the Projections (assuming a Capital Contribution attributable to the LIH Credits of $1,636,520 on the admission date of the Investor Member). For the purposes of determining the internal rate of return calculation for this subclause (iii), the Projections and the Revised Projections shall include a schedule calculating the internal rate of return by including only the Capital Contributions attributable to LIH Credits, and as benefits to the Investor Member only the actual LIH Credits expected to be realized by the Investor Member, and not including taxable income or losses, or any Net Cash Flow or Capital Proceeds. Said adjustment, if positive, shall be made by an Investor Member Capital Contribution no later than the date upon which the Ninth Installment is payable if due at the time of the adjustment, or within fifteen (15) days of determination by Notice of the Managing Member to the Investor Member if the Ninth Installment has been paid. Said adjustment, if negative, shall be a reduction in the Investor Member's Ninth Installment, if still due, and, if necessary, the Ninth Installment, or by a payment by the Company or the Managing Member pursuant to the terms of Section 3.03(a)(viii) hereof. In no case will the Investor Member be required to increase its Capital Contribution attributable to LIH Credits under this Section 3.03(a)(iii) such that the Investor Member will pay in total more than $0.9525 per dollar of LIH Credits received ;

(iv) If the actual Available Low-Income Housing Credit or Available Federal Historic Tax Credit, as reflected on the Company's tax return, for any year during the Credit Period and the first year following the Credit Period is less than the Available Low-Income Housing Credit or Available Federal Historic Tax Credit reflected in the Revised Projections (excluding differences due to timing of delivery of Credits, such as Credits

from the first year of the Credit Period that are allowable in the first year following the Credit Period and Credits allowed after the Credit Period pursuant to Code Section 42(f)(3)), then the Investor Member's aggregate Capital Contribution shall be reduced by the sum of (a) an amount equal to 95% of the difference between the Available Low-Income Housing Credit as set forth in the Revised Projections and the Available Low-Income Housing Credit as set forth in the Company's annual tax return; (b) an amount equal to 88% of the difference between the Available Federal Historic Tax Credit as set forth in the Revised Projections and the Available Federal Historic Tax Credit as set forth in the Company's annual tax return; plus (c) an annual time value payment for the period from the due date of the Ninth Installment, or if the requirements triggering the payment of the Ninth Installment have not yet been achieved from the due date of the Eighth Installment, to the date the payment is made to the Investor Member under this clause, with said payment to be equal to the product of the amount under items (a) and (b) and the Prime Rate, as in effect from time to time during such period (see Section 3.03(a)(viii) if the adjustment exceeds the remaining Installments, if any).

(v) If adjustments are to be made under both clause (i) and (iv) above, any tentative adjustment under clause (iv) shall first be modified to account for the adjustment to be made under clause (i), so that no double adjustment will be made, and if adjustments are to be made under both clause (ii) and (iv) above, any tentative adjustment under clause (iv) shall first be modified to account for the adjustment to be made under clause (ii) so that no double adjustment will be made;

(vi) If any portion of the Credits previously allocated to the Investor Member is recaptured pursuant to Code Section 42(j) or Code Section 47, and such a recapture was not a result of a disposition of all or a portion of the Interest of such Investor Member by such Investor Member or by any other action of the Investor Member, then the Managing Members shall promptly repay, as a return of capital, to the Investor Member (a) an amount equal to 95% of the LIH Credits recaptured from such Investor Member, plus (b) an amount equal to 88% of the HTC Credits recaptured from such Investor Member, plus (c) an amount equal to any interest or penalties assessed by the IRS, in addition to the recaptured amount pursuant to Code Section 42(j) or Code Section 47, as a result of any such recapture of Credits, plus (d) a time value payment for the period from the due date of the Ninth Installment, or if the requirements triggering the payment of the Ninth Installment have not yet been achieved, from the due date of the Eighth Installment, to the date the payment is made to the Investor Member under this clause, with said payment to be equal annually to the product of the amount under item (a) and the Prime Rate, as in effect for such year;

(vii) If, at any time after the tax year in which any of the Buildings is placed in service through the end of the Compliance Period applicable to such Building, it is determined that for any tax year of the Company's operation all or any portion of the Credits is recaptured or disallowed or all or any portion of the Credits becomes unavailable for the Project as a result of any of the following events: (a) substantial destruction of any of the residential Units in the Project which is not timely repaired, (b) foreclosure of either of the Loans due to, in whole or in part, the action or inaction by the Managing Members which is a violation of any provision of this Agreement, and such action is not vacated, discharged, stayed or bonded within one hundred twenty (120) days or (c) failure of the Managing Members to maintain the tenant base and rent levels of the residential Units in the Project at levels meeting the applicable qualification criteria for the Credits and failure to effect cure within sixty (60) days, then the Managing Members shall promptly repay to the Investor Member, as a return of capital, an amount equal to (x) 95% of the LIH Credits recaptured from, or disallowed or unavailable to, such Investor Member, pursuant to this clause (vii), plus (y) an amount equal to any interest or penalties, in addition to amounts payable pursuant to Code Section 42(j), assessed by the IRS as a result of any such recapture, plus (z) an annual time value payment for the period from the due date of the Ninth Installment or if the requirements triggering the payment of the Ninth Installment have not yet been achieved from the due date of the Eighth Installment, to the date the payment is made to the Investor Member under this clause, with said payment to be equal to the product of the amount under item (x) and the Prime Rate, as in effect from time to time during such period; if any adjustment is made under clause (i), (ii), (iv) or (vi) above, any tentative adjustment under this clause (vii) shall first be modified to account for the adjustment made under clause (i), (ii), (iv) or (vi), so that no double adjustment will be made. In no event shall the amount of the subclause (x) payment exceed the amount of the Investor Member's Capital Contribution previously made;

(viii) If the amount of any reductions required by paragraphs (i),(iii),(iv), (vi), and (vii) above is greater than the next Installment due hereunder, succeeding Installments shall also be reduced in the same manner, until the entire adjustment has been made. If the amount of any such required reduction is greater than all remaining Installments, if any, due hereunder, the Company (or the Managing Member, if the Company does not pay), shall pay to the Investor Member with regard to only the LIH Credits (it being understood that there is no cap with respect to the HTC Credits) the lesser of (1) amount of the remaining adjustment or (2) the LIH Adjustment Limit (such payment by the Managing Member shall be hereinafter referred to as a "***Credit Adjuster Payment***"), and if such payment is not made to the Investor Member within thirty (30) days of the date of the determination of the amount due to the Investor Member under this Section 3.03, such remaining and/or unpaid amounts, with interest

thereon accruing at an annual rate equal to two percent (2%) over the Prime Rate commencing on the first day of the year in which the payment is due (the "***Unrecovered Adjustment***"). The Unrecovered Adjustment shall constitute an amount of liquidated damages owed by the Managing Members to the Investor Member for breach of the Managing Members' representations and warranties, and shall be recovered from Cash Flow (in the priority set forth in Exhibit A-4 hereof) and/or Capital Proceeds (in the priority set forth in Section 8.02);

(ix) Unless otherwise provided in this Section 3.03, all payments due to the Investor Member under this Section 3.03 shall be treated as a contribution to capital by the Managing Member and a return of the Capital Contribution of the Investor Member and all payments due by the Investor Member to the Company under this Section shall be treated as an additional contribution to capital by the Investor Member, unless, in the Managing Member's reasonable discretion, such characterization of payments due under this Section 3.03 would limit or eliminate the deductibility of losses or would limit or eliminate the ability of the Investor Member or any of its Investor Members to enjoy or apply Credits allocated by the Company. If the Managing Member reasonably so determines, then the payments due to the Investor Member under this Section 3.03 shall be treated as a distribution to the Investor Member, which is subject to income tax, and the payments due shall be increased in an amount equal to the incremental income tax resulting therefrom to the Investor Member. In calculating the incremental income tax the tax rates utilized shall be the marginal income tax rates applicable to the Investor Member for the year in which the payment is made.

(x) Notwithstanding the foregoing provisions of this Section 3.03, the Managing Members shall not have any liability to the Investor Member or any of its Investor Members for any loss of tax benefits or Credits sustained by them as a result of any current provisions or changes in the Code or Treasury Regulations thereunder which limit or eliminate the deductibility of losses or which limit or eliminate the ability of the Investor Member or any of its Investor Members to enjoy or apply Credits allocated by the Company.

(b) Notwithstanding anything to the contrary herein, upon occurrence of any of the *events* set forth below, the State Credit Investor Member's Capital Contribution shall be adjusted, and the Company, State Credit Investor Member and Managing Member shall have obligations, as follows:

(i) If on the State Historic Determination Date in connection with the Second State Historic Contribution the Phase 1 Forecasted State Historic Credit exceeds the Available Phase 1 State Historic Credit, the Additional State Historic Capital Contributions payable under this Amendment with respect to Phase 1 shall be reduced by an amount

calculated as the product of $0.70 times the excess of the Phase 1 Forecasted State Historic Credit over the Available Phase 1 State Historic Credit.

(ii) If on the State Historic Determination Date in connection with the Third State Historic Contribution the Phase 2 Forecasted State Historic Credit exceeds the Available Phase 2 State Historic Credit, the Additional State Historic Capital Contributions payable under this Amendment with respect to Phase 2 shall be reduced by an amount calculated as the product of $0.70 times the excess of the Phase 2 Forecasted State Historic Credit over the Available Phase 2 State Historic Credit.

(iii) If on the State Historic Determination Date in connection with the Fourth State Historic Contribution the Phase 3 Forecasted State Historic Credit exceeds the Available Phase 3 State Historic Credit, the Additional State Historic Capital Contributions payable under this Amendment with respect to Phase 3 shall be reduced by an amount calculated as the product of $0.70 times the excess of the Phase 3 Forecasted State Historic Credit over the Available Phase 3 State Historic Credit.

(iv) If on the State Historic Determination Date in connection with the Fifth State Historic Contribution the Phase 4 Forecasted State Historic Credit exceeds the Available Phase 4 State Historic Credit, the Additional State Historic Capital Contributions payable under this Amendment with respect to Phase 4 shall be reduced by an amount calculated as the product of $0.70 times the excess of the Phase 4 Forecasted State Historic Credit over the Available Phase 4 State Historic Credit.

(v) Thereafter, if the Available State Historic Credit for any Phase is reduced after a Final Determination (as defined below) for such Phase, then within 20 days after the date of State Credit Final Determination for such Phase the Company is hereby obligated to distribute cash to State Credit Investor equal to the Applicable Amount (as hereinafter defined) plus any penalties and interest incurred by [Preservation] and/or the constituent or former members of [Preservation]. The Applicable Amount for such Phase shall equal the product of 110% times 0.70 times the excess of the Available Forecasted State Historic Credit for such Phase over the amount of the Available State Historic Credit for such Phase to the Available State Historic Investor after a Final Determination for such Phase. The obligations under this Section 3.03(b)(v) will continue through the later of December 1, 2018 or sixty (60) days following the date of Final Determination even if the State Historic Investor is no longer a Member of the Company; the day

following such date, the obligations under this Section 3.03(b)(v) shall terminate and be of no further force or effect. As used herein "Final Determination" means a (i) a decision, judgment, decree or other order has been issued by any court of competent jurisdiction or government agency with regard to any tax or other issue affecting the Company, which decision, judgment, decree or other order has become final (i.e., all allowable appeals requested by the parties to the action have been exhausted) or (ii) IRS and/or the Virginia Department of Taxation has entered into a binding agreement with the Company with respect to such issues or has reached a final administrative or judicial determination with respect to such issues which, whether by law or agreement, is not subject to appeal.

3.04 No Interest on Capital Contributions

No interest shall accrue or be payable to any Member by reason of its Capital Contribution or its Capital Account.

3.05 Right to Require Repayment of Capital

A Member shall not have the right to withdraw from the Company all or any part of its Capital Contribution. No Member shall have any right to demand and receive property of the Company in return for its Capital Contribution or in respect of its Interest, except as provided in this Agreement. No Investor Member shall have priority over any other Investor Member as to any return of Capital Contributions or as to any distributions made by the Company under Article VIII.

3.06 Deficit Restoration

If, upon liquidation of a Member's Interest (whether or not in connection with the liquidation of the Company), the Member has a negative balance in its Capital Account, the Member shall have no obligation to make any contribution to the capital of the Company and the negative balance of the Member's Capital Account shall not be considered a debt owed by the Member to the Company or any other Person for any reason whatsoever.

3.07 No Third-Party Beneficiary

None of the provisions of this Agreement shall be construed as existing for the benefit of any creditor of the Company or for the benefit of any creditor of the Members, and no provision shall be enforceable by a party not a signatory to this Agreement.

ARTICLE IV - RIGHT TO MORTGAGE; MANAGING MEMBER BOUND BY LOAN DOCUMENTS

4.01 Right to Mortgage

(a) The Company shall be authorized to borrow from the Mortgagees whatever amounts may be required, subject to the provisions hereof, in connection with the acquisition, development, and/or rehabilitation of the Company Property, and the meeting of the expenses of operating the Project (including, without limitation, any items for which the Mortgagees may provide mortgage funds), and shall secure the same by the Mortgages. Such borrowing shall not at any given time exceed the amount of unpaid principal due including accrued interest, nor be at a higher interest rate, nor change the payment terms, under the initial Mortgage Notes.

(b) The Loans shall provide that no Member shall have any personal liability for the payment of all or any part of such Mortgage Notes, except for customary exclusions including, but not limited to, fraud, misappropriation of funds or waste.

(c) The Managing Member shall not have any authority to enter into any loan on behalf of the Company (or on the Managing Member's behalf to the extent the proceeds will be used in the Project) which has not closed as of the Admission Date without the Consent of the Investor Member. Such Consent will be promptly provided or withheld by the Investor Member after it has been provided an opportunity to review all material loan documents.

4.02 Managing Member Bound by Loan Documents

The Managing Member, on behalf of the Company, shall be bound by the terms of the Loan Documents and the Project Documents. Any incoming managing member of the Company shall as a condition of receiving any Interest agree to be bound by the Loan Documents and the Project Documents to the same extent and on the same terms as any other Managing Members.

ARTICLE V - RIGHTS, POWERS AND OBLIGATIONS OF THE MANAGING MEMBER

5.01 Authority of Managing Member

(a) Subject to the terms of this Agreement, the Managing Member shall have the right, power, and authority, acting for and on behalf of and in the name of the Company, to: (i) execute and deliver on behalf of the Company any contract, agreement, or other instrument or document required or otherwise appropriate to acquire, rehabilitate, renovate, improve, lease, operate, sell, encumber, mortgage, convey, or refinance the Company Property (or any part thereof); (ii) convey the Company Property by deed, mortgage, certificate, bill of sale, agreement, or otherwise, as appropriate; and (iii) bring, compromise, settle, and defend actions at law or in equity.

(b) All decisions made for and on behalf of the Company by the Managing Member (when acting in its capacity as the Managing Member of the Company) shall be binding upon the Company. In furtherance and not in limitation of the foregoing provisions of this Article V and of the other provisions of this Agreement, the Managing Member is, without the joinder of any other member, as is more fully set forth in Section 5.01(a), specifically authorized and empowered to execute any and all instruments and documents as shall be required by any lender in connection with any loan or loans, including but not limited to executing the Mortgages, Mortgage Notes, any 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, all of which must be in accordance with this Agreement.

(c) The Tax Matters Member shall maintain the books and records of the Company, and shall be responsible, on a timely basis, for (i) preparing all required tax returns and related information, (ii) making all tax elections, if appropriate, and (iii) preparing all financial information, all in accordance with Sections 5.03(c) and 13.03 hereof.

5.02 Limitations on the Authority of the Managing Member

Notwithstanding any other provision of this Agreement, the Managing Member shall have no authority to perform any act in violation of any applicable law or regulations, this Agreement, the Loan Documents, or the Project Documents; to do any act required to be approved, consented to, voted on, or ratified by the Members under the Act or under this Agreement unless such approval, vote, consent, or ratification has been obtained; to cause the Company to engage in any business other than as set forth in Section 1.06; or do any act that would make it impossible to carry out the business of the Company as contemplated herein. The Managing Member shall have no authority to engage in the following activities without the prior Consent of the Investor Member (in its sole discretion), the State Historic Investor Member (but only if such activity would negatively impact or affect the State Historic Investor Member or the State Historic Credits) and, if required, the consent of the Mortgagees:

(i) Effect a sale of all or any portion of the Company Property including the Units and any commercial and/or community space;

(ii) Effect a refinancing, encumbrance, mortgage, conveyance, or other disposition of all or a substantial portion of the Company Property after the Completion Date other than in connection with the Loans;

(iii) Lease as an entirety the Company Property, or lease any portion of the Company Property except in the normal course of business;

(iv) Following the Completion Date, construct any new capital improvements or replace any existing capital improvements costing in excess of one hundred thousand dollars ($100,000.00);

(v) On behalf of the Company, incur debt not in the ordinary course of business or arrange for the receipt of any grant of funds, nor incur debt in the ordinary course of business in excess of fifty thousand dollars ($1050,000.00) in the aggregate at any one time outstanding, except as specifically permitted in this Agreement;

(vi) Change the nature of the Company's business;

(vii) Voluntarily file a bankruptcy petition on behalf of the Company;

(viii) Dissolve or wind up the Company;

(ix) Modify or amend this Agreement;

(x) Prepay the Mortgage Notes except as contemplated in the Loan Documents;

(xi) Admit any Person as a Member, except as otherwise provided in this Agreement;

(xii) Borrow from the Company or commingle Company funds with the funds of any Person;

(xiii) Make application for or accept increase or increases in the principal amount of Loans or materially modify the Loans in any way that may affect the nature of the business of the Company and/or in the opinion of the Accountants may affect the ability of the Investor Member to receive the Credit in the amount of the Projected Credits; or

(xiv) Modify, in any material respect, any Loan Document or Project Document.

5.03 Overall Management of Business

(a) The Managing Member shall have full and exclusive power and right to manage and control the business and affairs of the Company.

(b) The Managing Member may delegate its authority, power, and right to manage the Company Property to the Management Agent; provided, however, that any such delegation shall not relieve the Managing Member of its obligations and responsibilities to ensure the proper management of the Company Property.

(c) The Tax Matters Member shall prepare or cause to be prepared all tax and information returns required of the Company or considered necessary by the Managing Member (including, but not limited to, federal, state, and local income tax and information returns and any amended returns), which returns shall be reviewed in advance by the Accountants. The Tax Matters Member shall, with the Consent of the

Investor Member, be responsible for making all elections required or allowed under the Code or the Treasury Regulations including, but not limited to, elections pursuant to Sections 42, 168, 709, and 754 of the Code, and all elections required or allowed under State or local law. To the extent possible, no election shall be made without the Consent of the Investor Member which would create a benefit to the Managing Member and a detriment to the Investor Member.

5.04 Duty of the Managing Member to Maintain the Low-Income Housing Status of the Company Property

(a) During the Extended Use Period, the Managing Member shall use reasonable commercial efforts to hold for occupancy one hundred percent (100%) of the Credit Units in the Project in such a manner as to qualify each such Unit as a "low-income unit" under Section 42(i)(3) of the Code and the Project as a "qualified low-income housing project" under Section 42(g)(1)(B) of the Code, as such sections of the Code are interpreted from time to time in Treasury Regulations and rulings promulgated thereunder.

(b) During the Extended Use Period, the Managing Member shall prepare and submit to the Secretary of the Treasury (or any other governmental authority designated for such purpose), on a timely basis, any and all annual reports, information returns, and other certifications and information and shall take any and all other reasonable action required (i) to insure that the Company (and its Members) will continue to qualify for the Credit for each of the Credit Units and the Company Property, and (ii) to avoid recapture or reduction of the Credit or the imposition of penalties or interest on the Company or any of the Members for failure to comply with Section 42 of the Code.

(c) The Managing Member shall use its reasonable commercial efforts to develop strategies to maintain the Credit Units as low-income housing after the end of the Compliance Period for the Extended Use Period under Section 42 of the Code.

5.05 Outside Activities

The Managing Member shall devote to the management of the business of the Company so much of its time as it deems reasonably necessary to the efficient operation of the Company Property, the Project, and the Units and in order to comply with this Agreement. The Managing Member may engage in and possess any interest in other business ventures (including limited partnerships and limited liability companies) of every kind, nature, and description whatsoever, independently or with others, whether existing at the date hereof or hereafter coming into existence, including, without limitation, acting as general partner, managing member, limited partner of other partnerships or limited liability companies that own, directly or through interests in other partnerships, housing projects similar to, or in competition with, the Project. Neither the Company nor 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 and nothing shall be construed to render them partners in any such business venture. Notwithstanding the foregoing, none of the Managing Member, the Guarantor, or an Affiliate of either, shall

place into service a competing non-market rate family project comprised of more than twenty (20) residential rental units located in the City of Richmond, Virginia in which the Managing Member, the Guarantor or an Affiliate of either owns an equity interest, until the Completion Date has occurred and Stabilization has been achieved.

5.06 Liability to Company. State Historic Investor Member and Investor Member

The Managing Member shall not be liable, responsible, or accountable in damages or otherwise to the Investor Member, the State Historic Investor Member or to the Company for any acts performed in good faith and within the scope of authority of the Managing Member pursuant to this Agreement; provided, however, that the Managing Member shall be liable for its actions and/or omissions to the extent they are attributable to gross negligence, fraud, willful misconduct, malfeasance or a breach of this Agreement. In the application of the standards of good faith and scope of authority of the Managing Member in this Section 5.06, the Managing Member acknowledges that it possesses commercially reasonable knowledge and understanding of the regulations and requirements associated with the construction and operation of a Section 42 low income housing tax credit property.

5.07 Indemnification of Managing Member

(a) The Company shall indemnify, defend, and hold harmless the Managing Member from and against any loss, liability, damage, cost, or expense (including reasonable attorneys' fees) arising out of or alleged to arise out of any demands, claims, suits, actions, or proceedings against the Managing Member, by reason of any act or omission performed by it (including its employees and agents) while acting in good faith on behalf of the Company and within the scope of the authority of the Managing Member pursuant to this Agreement, and any amount expended in any settlement of any such claim of liability, loss, or damage; *provided, however*, that: (i) the Managing Member must have in good faith believed that such action was in the best interests of the Company, and such course of action or inaction must not have constituted gross negligence, fraud, willful misconduct, malfeasance or a breach of this Agreement; and (ii) any such indemnification shall be recoverable from the assets of the Company, not from the assets of the Investor Member or the State Historic Investor Member, and no Member shall be personally liable therefor. This indemnity shall be operative only in the context of third-party suits, and not in connection with demands, claims, suits, actions or proceedings initiated by any Member or any Affiliate thereof against another Member.

(b) The provision of advances from the Company to the Managing Member for reasonable legal expenses and other costs as a result of a legal action pursuant to Section 5.07(c) is permissible only if the following three conditions are satisfied: (i) the legal action relates to the performance of the duties or services by the Managing Member on behalf of the Company; (ii) the legal action is initiated by a third party who is not a Member or Affiliate thereof; and (iii) the Managing Member covenants in advance to repay the advance of funds to the Company in accordance with Section 5.07(c) in the event it is determined that the Managing Member is not entitled to indemnification hereunder.

(c) The Managing Member, when entitled to indemnification pursuant to this Section 5.07, shall be entitled to receive, upon application therefor, reasonable advances against actual costs incurred to cover the costs of defending any proceedings against it; provided, however, that the Managing Member agrees that if it receives such advances, it shall repay such advances to the Company if the Managing Member is determined not to be entitled to indemnification under this Section 5.07. All rights of the Managing Member to indemnification 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.

(d) The indemnification rights contained in this Section 5.07 shall be limited to out-of-pocket loss or expense. Nothing contained herein shall constitute a waiver by the Investor Member, State Historic Investor Member or any of their respective Affiliates of any right that it may have against any party under federal, state, or common law principles.

The indemnification authorized by this Section 5.07 shall include, but not be limited to, the costs and expenses (including reasonable attorneys' fees) of the removal of any liens affecting any property of the indemnitee as a result of such legal action.

5.08 Indemnification of Company and Members

The Managing Member shall defend, indemnify, and save harmless (i) the Company and each Member from any loss, liability, damage, cost, or expense (including reasonable attorneys' fees) incurred by reason of any demands, claims, suits, actions, or proceeding arising out of the Managing Member's gross negligence, fraud, willful misconduct or malfeasance, and (ii) except for the Investor Member's and/or State Historic Investor Member's obligations to fund their respective Capital Contributions and any other express obligation of the Investor Member and/or the State Historic Investor Member under this Agreement, the Investor Member and/or State Historic Investor Member from any liability incurred by each entity for Company obligations (including, without limitation, the Mortgage Notes) or as a sole result of its position of a Investor Member and/or State Historic Investor Member of the Company, except to the extent that a Final Determination has been made that the Investor Member or State Historic Investor Member has taken actions or exercised rights with respect to the operation of the Company in excess of those actions or rights granted or allowed under this Agreement or the Act. The foregoing indemnification shall be a recourse obligation of the Managing Member, and shall survive the dissolution of the Company and/or the death, retirement, incompetency, insolvency, bankruptcy, removal, or withdrawal of the Managing Member.

5.09 Environmental Indemnification

The Managing Member shall indemnify and hold harmless the Investor Member, State Historic Investor Member and each's respective Affiliates (the "***Indemnified Party***") from any and against all claims, actions, causes of action, damages, costs, liability and expense (including, without limitation, attorneys' fees, court costs and

remedial response costs) incurred or suffered by, or asserted by any Person, entity or governmental agency against the Indemnified Party related to breach of the Managing Member's representations, warranties or covenants, or an alleged violation of the Environmental Laws, or the presence of Environmental Hazards in, on, under or emanating from the Company Property in violation of any Environmental Law. Notwithstanding the foregoing, the Managing Member shall not have an indemnification liability if the violation of the Environmental Laws or the presence of the Environmental Hazards in violation of any Environmental Law is due to conditions existing prior to the Admission Date or arises after the effective date of the Managing Member's removal, if any, or withdrawal, sale, transfer or assignment of its Interest. The foregoing indemnification shall be a recourse obligation of the Managing Member, and shall survive the dissolution of the Company and/or the death, retirement, incompetency, insolvency, bankruptcy, or withdrawal of the Managing Member.

5.10 Representations and Warranties of the Managing Member

The Managing Member hereby represents and warrants to the Investor Member and the State Historic Investor Member that the following are true and correct as of the date hereof, unless specifically otherwise provided.

(i) The Company is a duly organized limited liability company validly existing and in good standing under the laws of the Commonwealth of Virginia and has undertaken all acts, including without limitation, the filing of all certificates and the payment of all fees, taxes, and other sums necessary for the Company to operate as a limited liability company in the Commonwealth of Virginia and to enable the Company to engage in its business.

(ii) No event has occurred that has caused, and the Managing Member has not acted in any manner that will cause (i) the Company to be treated for federal income tax purposes as an association taxable as a corporation, (ii) the Company to fail to qualify as a limited liability company under the Act, or (iii) the Investor Member to be liable for Company obligations.

(iii) All consents or approvals of any governmental authority, or any other Person, necessary in connection with the transactions contemplated by this Agreement or necessary to admit the Investor Member to the Company (other than the consent of Investor Member and its controlling parties) have been obtained by the Managing Member and the Company has taken all action under the laws of the Commonwealth of Virginia and any other applicable jurisdiction and has complied with all filing requirements necessary under the Act for the preservation of the limited liability of the Investor Member.

(iv) The Managing Member represents that it (i) is a limited liability company validly existing and in good standing under the laws of the Commonwealth of Virginia and (ii) has full power to enter into and consummate this Agreement and all instruments pertaining hereto and to perform all acts related thereto. The consummation of all transactions contemplated herein and in

the Loan Documents and the Project Documents to be performed by the Managing Member or its Affiliates does not and will not result in any material breach or violation of, or default under, any governing instrument of the Managing Member or its Affiliates or any agreements by which the Managing Member or its Affiliates or any of its property is bound, or under any applicable law, administrative regulation, or court decree.

(v) The Managing Member represents that no Event of Bankruptcy has occurred with respect to the Managing Member or any of its Affiliates.

(vi) No litigation, action, investigation, event, or proceeding is pending against the Company or the Members that, if adversely resolved, would: (i) have a material adverse effect on the Company or the Company Property; (ii) have a material adverse effect on the ability of the Managing Member or any of its Affiliates to perform their respective obligations under this Agreement, or (iii) have a material adverse effect on the financial condition of the Managing Member.

(vii) The Managing Member has provided the Investor Member with true and correct copies of any documents relevant to the Loans and the Loan commitments and all documents evidencing or securing the Loans and, if requested by the Investor Member, a complete set of the plans, drawings and specifications of the Project.

(viii) To the Managing Member's knowledge, all Loan Documents and Project Documents are in accord with applicable laws, codes and regulations and the rehabilitation of the Company Property will be completed in accordance therewith.

(ix) No default has occurred and is continuing under any of the Loan Documents, the Project Documents, or any other contract, agreement, or instrument relating to the Project to which the Company or the Managing Member is subject.

(x) Except for standard exceptions to nonrecourse liability as set forth in the Loan Documents, none of the Members or the Company has or will have, pursuant to the terms of the Loans, any personal liability as maker, guarantor, partner or otherwise with respect to the payment of principal or interest on the Loans, and in the event of default thereon, the sole recourse with respect to the payment of principal or interest on the Loans of any Mortgagee or other lender shall be to the Project and pledged collateral.

(xi) The Managing Member is not presently under any commitment to any real estate broker, rental agent, finder, syndicator or other intermediary with respect to the Project or any portion thereof except for the arrangements specifically described in this Agreement and the arrangements previously

disclosed in writing to the Investor Member except for the consulting services provided by Charles Wilson of Virginia Capital Advisors, Inc.

(xii) There are no outstanding loans or advances from the Managing Member to the Company, and, except as provided in Section 5.15, the Company has no unsatisfied obligation to make any payments of any kind to the Managing Member or its Affiliates. All anticipated expenditures of funds expected by the Managing Member to be incurred by the Company as of the Admission Date with respect to the Project are reflected in the Projections or have been disclosed to the Investor Member in writing.

(xiii) Except as disclosed in writing to the Investor Member or reflected in the Project Documents, there are no restrictions on the sale or refinancing of the Project, other than the restrictions set forth in the Loan Documents, the Project Documents, or under Section 42 of the Code.

(xiv) As of the Admission Date the Company will own the Company Property, the buildings comprising the Project, and each of the Units, free and clear of any material liens, charges, or encumbrances other than the Mortgages, matters set forth in the Title Policy, and mechanics' or other liens that have been bonded against in such a manner as to preclude the holder of such lien from having any recourse to the Company Property, the Project, any of the Units, or the Company for payment of any debt secured thereby and the Managing Member has not received notice of any such liens, charges, or encumbrances.

(xv) All building, zoning, and other applicable certificates, permits, and licenses necessary to permit the rehabilitation, use, occupancy, and operation of the Company Property and the Project have been obtained (other than such as will be issued only after the completion of the rehabilitation of the Project or any specified portion thereof), all improvements constructed or to be constructed on the Company Property have been or will be constructed and equipped in material compliance with the requirements of all governmental authorities having jurisdiction over the Company Property and neither the Company nor the Managing Member has received any notice of or has any actual knowledge of any violation with respect to the Company Property of any law, rule, regulation, order, or decree of any governmental authority having jurisdiction that would have a material adverse effect on the Company Property or the Project or the Company's investment in the Company Property or the rehabilitation, use, occupancy, or operation thereof.

(xvi) All appropriate roadways and public utilities necessary to the operation of the Company Property, including, but not limited to, sanitary and storm sewers, water, gas (if applicable), and electricity, are available to the Company Property and each of the Units and are or will be connected to each Unit in the Project on or before the date that a certificate of occupancy is obtained for each Unit.

(xvii) Except as provided to the Investor Member, no amendments, modifications, or other changes or additions have been made to the Environmental Reports. The Managing Member warrants and represents that, except as disclosed in the Environmental Reports, there presently are not in, on or under the Company Property nor will there be in, on or under the Company Property upon completion of the construction any Environmental Hazard in violation of any federal, state or local statute, law, regulation, rule or ordinance. If any Environmental Hazard was found to exist or be present in violation of any federal, state or local statute, law, regulation, rule or ordinance, it has been (or prior to the Completion Date, will be) either removed from the Company Property and disposed of or encapsulated and/or otherwise corrected and/or maintained pursuant to an operations and maintenance plan, contained and made safe and inaccessible, all in accordance with federal, state, and local statutes, laws, regulations, rules, and ordinances, any recommendations set forth in the Environmental Reports, and any requirements in the Loan Documents. The Managing Member further warrants and represents that the Company Property is in material compliance with all applicable Environmental Laws and the Managing Member has not received notice of any violations of the Environmental Laws.

(xviii) The Company has obtained or will obtain a 42m letter from the Authority in the amount at least equal to the Annual Credit Allocation shown on Exhibit A-2, , and all information contained in any application for the allocation of the Credit is complete and correct in all material respects.

(xix) The Company will use reasonable efforts to rehabilitate the Project in substantial conformance with the approved plans and specifications and thereafter operate the Credit Units, as low-income housing as required by the Code in order to qualify for and maintain the Credit and other tax benefits anticipated in connection therewith.

(xx) The Company has not made and will not make any elections under the Code without the Consent of the Investor Member (in its sole discretion) that would affect the amount, timing, availability, or allocation of Credits.

(xxi) Neither the Managing Member nor the Company has made any additions, alterations or revisions to the Project that would affect the amount, timing, availability, allocation or the ability to qualify for the HTC Credits.

(xxii) No portion of the Company Property is or will be treated as tax-exempt use property as defined in Section 168(h) of the Code and, in furtherance thereof, the Managing Member has made or will make an election in accordance with Section 168(h)(6) of the Code.

(xxiii) The Company has entered into a guaranteed maximum price construction contract with KBS, Inc with payment and performance bonds to construct the Project in substantial compliance with the approved plans and specifications.

(xxiv) To the best knowledge, information and belief of the Managing Member, after a commercially reasonable investigation, the information provided by the Managing Member to the Accountants reflects the Managing Member's good faith reasonable expectation of future operations of the Company as of the Admission Date.

(xxv) To the best knowledge, information and belief of the Managing Member, after a commercially reasonable investigation, the Projections represent the Managing Member's good faith estimates of the future performance of the Company and are based on assumptions that the Managing Member believes to be reasonable.

5.11 Covenants of the Managing Member

The Managing Member covenants to the Investor Member and the State Historic Investor Member that for the Term:

(i) The Managing Member shall use reasonable commercial efforts to cause the Company to do all things necessary to maintain its status as a limited liability company in good standing and has, and shall continue to have full power and authority to acquire the Company Property and to develop, rehabilitate, operate, and maintain the Project in accordance with the terms of this Agreement and to enable the Company to engage in its business.

(ii) The Managing Member shall 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, (ii) the Company to fail to qualify as a limited liability company under the Act, or (iii) the Investor Member to be liable for Company obligations.

(iii) The Company shall continue to take all reasonable action under the laws of the Commonwealth of Virginia and any other applicable jurisdiction that is necessary to protect the limited liability of the Investor Member.

(iv) The Managing Member shall, during and after the period in which it is a Member, provide the Company with such information and sign such documents as are reasonably necessary for the Company to make timely, accurate and complete submissions of federal and state income tax returns.

(v) The Managing Member shall furnish to counsel for the Managing Member promptly as and when reasonably requested in connection with the rendering of any legal opinion addressed to the Investor Member concerning federal income tax relating to the Investor Member's investment in the Company, all documents requested by counsel for the Managing Member.

(vi) The Managing Member shall promptly inform the Investor Member of any litigation, action, investigation, event, or proceeding that it has notice is pending which, if adversely resolved, would (i) have a material adverse

effect on the Company or the Company Property; (ii) have a material adverse effect on the ability of the Managing Member or any of its Affiliates to perform their respective obligations under this Agreement; or (iii) have a material adverse effect on the financial condition of the Managing Member.

(vii) The Managing Member shall promptly inform the Company and the Investor Member upon receiving any notice of or having any actual knowledge of any violation with respect to the Company Property of any law, rule, regulation, order, or decree of any governmental authority having jurisdiction over the Company Property, which would have a material adverse effect on the Company Property or the Project or the rehabilitation, use, occupancy, or operation thereof.

(viii) The Managing Member shall furnish to the Investor Member, within fifteen (15) business days of receipt thereof, a copy of any notice of default from the Authority or under the Mortgage Notes, the Mortgages, any of the Project Documents, or any of the Loan Documents given to the Company or the Managing Member.

(ix) Except for certain exceptions to the nonrecourse provisions as set forth in the Loan Documents, the Managing Member agrees that neither it nor any of its Affiliates will at any time become subject to any economic risk of loss within the meaning of Treasury Regulation Section 1.752-2 with respect to any Company obligation. The Managing Member agrees that it will not cause the Investor Member to become, and it will take all steps necessary to prevent the Investor Member at any time from becoming, personally liable for payment or performance under the Mortgage Notes or the Mortgages. The sole recourse of the Mortgagees under the Mortgage Notes with respect to the principal thereof, interest thereon or any other obligation thereunder, shall be to the assets of the Company and the Mortgage Notes shall contain similar nonrecourse provisions.

(x) Except with the Consent of the Investor Member, the Managing Member will not cause or allow restrictions on the sale or refinancing of the Project, other than the restrictions set forth in the Loan Documents and the Project Documents.

(xi) The Managing Member will cause all of (i) the fixtures, maintenance supplies, tools, equipment and like owned or 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, to be free and clear of all security interests and encumbrances except for (i) the Loans, (ii) matters set forth in the Title Policy, and (iii) liens or encumbrances approved by the Investor Member described herein.

(xii) The Managing Member or its Affiliates shall cause the rehabilitation to be completed substantially in accordance with the relevant Project Documents. The Managing Member or its Affiliates shall obtain all

building, zoning, and other applicable certificates, permits, and licenses necessary to permit the rehabilitation, use, occupancy, and operation of the Company Property and the Project that are obtainable only after completion of the Company Property and the Project or a specified portion thereof.

(xiii) The Managing Member will cause the Company to keep all public utilities necessary to the operation of the Company Property, including, but not limited to, sanitary and storm sewers, water, gas (if applicable), and electricity, operating in working condition, to the extent required by law.

(xiv) The Managing Member will cause the Company Property, including each of the Units, to be operated in compliance with all applicable zoning regulations, ordinances, and subdivision laws, rules, and regulations.

(xv) The Managing Member will cause the Company to maintain insurance at least in accordance with Exhibit J, but may maintain insurance in higher amounts and with additional coverages than specified in Exhibit J.

(xvi) The Managing Member shall take reasonable actions necessary to ensure that the Company Property contains no, and is not affected by the presence of, any Environmental Hazard in violation of any Environmental Law, and to ensure that the Company Property is not in violation of any Environmental Law. The Managing Member shall promptly deliver to the Investor Member any notice received from any source whatsoever of the existence or potential existence of any Environmental Hazard on the Company Property in violation of any Environmental Law with respect to the Company Property. If any Environmental Hazard is found to exist or be present in violation of any Environmental Law, the Managing Member shall commence promptly the taking of reasonable action to assure it will be either removed from the Company Property and disposed of or encapsulated and/or otherwise corrected and/or maintained pursuant to an operations and maintenance plan, contained and made safe and inaccessible, all in accordance with applicable Environmental Laws, any recommendations set forth in the Environmental Reports, and any requirements in the Loan Documents. If, at any time during the Term of the Company the Investor Member determines that the foregoing representations or covenants in this Agreement relating to Environmental Hazards and Environmental Laws may not have been true when made, or may have become untrue, the Company shall promptly obtain an environmental audit of the Company Property. The scope of such audit and the company performing it shall be reasonably determined by the Managing Member.

(xvii) The Managing Member will cause the Company to comply in all material respects with all of the terms and conditions of the residential lease agreement for each of the Units.

(xviii) The Managing Member will use reasonable commercial efforts to cause the Project to be constructed and/or rehabilitated, and thereafter cause the Credit Units to be operated, as low-income housing as required by the Code in

order to qualify for and maintain the Credit and other tax benefits anticipated in connection therewith.

(xix) The Managing Member shall use reasonable commercial efforts to, during the Compliance Period and Extended Use Period, rent the Credit Units to Qualifying Tenants, charge such tenants rental rates no greater than permitted under Section 42 of the Code, and in all other respects comply with the provisions of Section 42 of the Code and Treasury Regulations thereunder and any state or local law necessary to qualify for the Credit with respect to those Credit Units.

(xx) The Managing Member has not permitted, and will not after the Admission Date permit, the Company to accept any federal or non-federal grant of funds without the Consent of the Investor Member.

(xxi) No separate fee will be charged to the tenants of the Project for the use of any of the common area facilities (other than the coin-operated laundry facilities that may be leased by the Company and used on the premises and the parking lot). Such prohibition shall not include any cable or internet services.

(xxii) Continual or frequent nursing, medical or psychiatric services will not be available to tenants in the Project.

(xxiii) The Project will not be operated as a hospital, nursing home, sanitarium, lifecare facility or intermediate care facility for the physically or mentally handicapped.

(xxiv) The Managing Member will obtain flood insurance if the Company Property is at any time determined to be in a Special Flood Hazard Area.

(xxv) The Managing Member will take all actions necessary or appropriate to prevent any portion of the Company Property from being treated as tax-exempt use property as defined in Section 168(h) of the Code, and in furtherance thereof, the Managing Member shall make or has made an election in accordance with Section 168(h)(6) of the Code.

(xxvi) The Project will be treated as residential rental property under Sections 168(c) and 168(e)(2) of the Code.

(xxvii) In addition to the requirements of Section 5.04(a), the Company shall at all times comply with the income and rent restrictions in the Loan Documents and any agreements with the First Priority Mortgage Lender relating to the Project to the extent such restrictions are then applicable.

(xxviii) The Managing Member shall cause the Company to not make any additions, alterations or improvements to the Buildings or the Company Property that would affect the amount, timing, availability, or allocation or the ability to qualify for the HTC Credits.

5.12 No Compensation

Except as provided in the Fee Agreements, the Managing Member and its Affiliates shall not be entitled to receive any compensation in connection with its performance of its duties as Managing Member.

5.13 Obligation to Complete Construction

(a) The Managing Members shall complete the rehabilitation of the Company Property 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 Company Property or cause the same to be equipped with all necessary and appropriate fixtures, equipment and articles of personal property, including refrigerators and ranges, all substantially in accordance with the Loan Documents and the Project Documents, and shall provide for, or cause to be provided for, all other actions and performance required to arrive at the Completion Date and shall meet all requirements for obtaining and maintaining all necessary certificates of occupancy and use permits for all the Units in the Project.

(b) If the Designated Proceeds are insufficient to:

(i) Complete the rehabilitation 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 equip the Company Property or cause the same to be equipped, all substantially in accordance with the Loan Documents and the Project Documents;

(ii) Arrive at the Completion Date in material conformity with the Loan Documents;

(iii) Discharge all Company liabilities and obligations arising out of any casualty giving rise to insurance proceeds;

(iv) Meet all requirements for obtaining and maintaining all necessary certificates of occupancy and use permits;

(v) Pay or provide for all requirements of the ongoing business operations of the Company applicable to the period prior to the Completion Date; and

(vi) Fully fund the Lease-Up Reserve, the Operating Reserve and any other reserve as set forth in Exhibit A-6 of this Agreement as well as the Insurance and Tax Escrow to the extent required to be funded as of the Completion Date.

The Managing Members shall directly pay all funds ("***Development Advances***") that shall be necessary to accomplish the foregoing at such time as those costs and expenses become due and payable. This is a guaranty of payment, not of collection. Any

funds provided by the Managing Members pursuant to this Section 5.13 shall not be deemed to be Capital Contributions by the Managing Members but may be repayable from the Capital Proceeds in accordance with Article VIII. The Managing Members' obligations under this Section 5.13 are more fully set forth in the Unconditional Construction Completion Guaranty Agreement, and such obligations shall be guaranteed by the Guarantor pursuant to the Unconditional Construction Completion Guaranty Agreement attached as Exhibit F to this Agreement.

5.14 Operating Deficit Contributions and Operating Deficit Loans

(a) If, at any time or from time to time after the Miller I PIS Date , but prior to the Stabilization Date, an Operating Deficit exists, to the extent not funded from Company reserves, then the Managing Member shall contribute funds (an "***Operating Deficit Contribution***") to the Company, as an increase to its Capital Account in an amount equal to the amount of the Operating Deficit within thirty (30) days of the end of the month during which the Operating Deficit arises. After funds in the Lease-Up Reserve are drawn down to the extent permitted by the Loan Documents, the Managing Member's obligation under this Section 5.14 shall be unlimited through the Stabilization Date.

(b) If, after the Stabilization Date and Prior to the Release Date, an Operating Deficit exists, to the extent not funded from Company reserves, the Managing Member shall lend funds (an "Operating Deficit Loan") to the Company, on an unsecured basis, in an amount equal to the Operating Deficit within thirty (30) days at the end of the month during which the Operating Deficit arises. Such Operating Deficit Loan shall accrue interest at a non-compounded rate of four percent (4%) per annum. The Managing Member's obligation to make Operating Deficit Loans to fund Operating Deficits which are not funded from the Operating Reserve (the Operating Reserve shall not be drawn down for this purpose below a balance of Seven Hundred Thousand Dollars ($700,000) without the Consent of the Investor Member (in its sole discretion)) shall be limited at any point in time to the Maximum Operating Deficit Loan Cap. Existing Operating Deficit Loan(s), to the extent repaid, will not be considered when determining the remaining funding obligation under the Maximum Operating Deficit Loan Cap.

(c) Operating Deficit Contributions, without interest, and Operating Deficit Loans, shall be repayable solely as provided in Article VIII hereof.

(d) The Managing Member's obligations under this Section 5.14 shall be guaranteed by the Guarantor pursuant to the terms of the Guaranty Agreement, attached as Exhibit D.

(e) In addition to the above, the Managing Member shall make an Operating Deficit Loan to the Company in the amount of any deferred development fee that is not paid by December 31, 2023.

5.15 Dealing with Affiliates; Fees

(a) The Managing Member may, for, in the name of and on behalf of, the Company, enter into agreements or contracts for performance of services for the Company with an Affiliate thereof and may authorize the Management Agent to enter into such agreements and contracts, and the Managing Member may obligate the Company to pay compensation for and on account of any such services and may authorize the Management Agent to so obligate the Company; provided, however, such compensation and services shall be at costs to the Company not in excess of those that would be incurred in making arms-length purchases of comparable services on the open market.

(b) The Company shall pay fees to the Members and their Affiliates, which fees, and the agreements governing them, are described on Exhibit A-4.

(c) The Company shall pay the Management Agent from gross rental income, a Management Fee pursuant to the Property Management Agreement attached as Exhibit K to this Agreement.

5.16 Obligation to Purchase Interest of Investor Member

(a) The Managing Member shall be obligated, as provided in Section 5.16(b), to purchase the Investor Member's Interest for the total Capital Contributions made to date by the Investor Member if:

(i) the basis of the Project as of the Ten Percent Test Date does not exceed ten percent (10%) of the reasonably anticipated basis of the project as of December 31, 2015 or the Company did not receive a valid carryover allocation effective not later than December 31, 2013;

(ii) all buildings in the Project have not been placed in service in accordance with the requirements of Section 42 of the Code by March 31, 2015 or the Company does not receive IRS Form(s) 8609 by December 1 of the calendar year following the date the last building in the Project is placed in service;

(iii) the failure of the Project to achieve the Repurchase Stabilization Date by the date that is twenty-four (24) months following the Completion Date; or

(iv) any Loan commitment is withdrawn and is not replaced by a comparable commitment acceptable to the Investor Member within a reasonable period of time.

The Managing Member's obligations under this Section 5.16(a) are guaranteed by the Guarantor pursuant to the terms of the Guaranty Agreement, attached as Exhibit D.

(b) Upon the occurrence of any of the events specified in Section 5.16(a), the Managing Member shall, within twenty (20) days thereafter, give Notice to the Investor Member of the occurrence of such event and of the Managing Member's obligation to

purchase the Investor Member's Interest. The Investor Member by Consent of the Investor Member may, by Notice to the Managing Member within the earlier of (i) thirty (30) days after the Managing Member's Notice, or (ii) forty (40) days but no sooner than thirty (30) days after becoming aware of the events specified in Section 5.16(a), regardless of whether the Managing Member has complied with the twenty (20) day Notice requirement described in this Section 5.16(b), elect to require the Managing Member to purchase the Investor Member's Interest. If the Investor Member elects to have its Interest purchased, the Managing Member shall purchase such Interest within ninety (90) days after Notice from the Investor Member of its election to have its Interest purchased. The Investor Member may unconditionally waive at any time its right to require the Managing Member to purchase its Interest by reason of the application of any of the numbered clauses of Section 5.16(a). After such waiver the Managing Member shall have no further obligation to purchase by reason of the application of the clause to which such waiver relates; provided, however, that the Investor Member's election not to have its Interest purchased by reason of the application of one such clause shall not constitute a waiver with respect to any future obligation of the Managing Member to purchase its Interest by reason of the application of any other such clause.

5.17 Reserves

The Managing Member shall cause the Company to establish the reserves and may use such reserves as described on Exhibit A-6.

5.18 Action for Breach

The representations, warranties and covenants in Sections 5.10 and 5.11 are being made by the Managing Member to the Investor Member and State Historic Investor Member in consideration for the investment in the Company by each of the State Historic Investor Member and the Investor Member. Upon the occurrence of any breach of any representation, warranty, covenant or agreement contained herein having a material adverse effect on the Company or the Project, the Managing Member shall diligently attempt to cure such breach. If such breach is not susceptible to cure, or if the Managing Member fails to pursue a cure diligently, or if within one hundred twenty (120) days no cure has been achieved, then the Investor Member may pursue any available legal or equitable remedy against the Managing Member, without being required to dissolve the Company and notwithstanding the availability of any other remedy; provided, however, that with respect to any breach that results solely in a loss or reduction of the Credit, if such breach occurred despite the Managing Member's good faith, diligent efforts to prevent such breach, the Investor Member shall be limited to its remedies under Section 3.03.

ARTICLE VI - RIGHTS AND OBLIGATIONS OF THE INVESTOR MEMBER AND STATE HISTORIC INVESTOR MEMBER

6.01 Management of the Company

Neither the State Historic Investor Member nor the Investor Member shall take part in the management or control of the business of the Company or transact any business in the name of the Company. Neither the State Historic Investor Member nor the Investor Member shall not have the power or authority to bind the Company or to sign any agreement or document in the name of the Company.

6.02 Limitation on Liability of the Investor Member and State Historic Investor Member

Notwithstanding any other provision of this Agreement, the liability of each of the State Historic Investor Member and the Investor Member to the Company shall be limited to their respective Capital Contributions at any given time as and when payable under the provisions of this Agreement. Neither the State Historic Investor Member nor the Investor Member shall have any other liability to contribute money to, or in respect of the liabilities, obligations, debts or contracts of the Company, nor shall the Investor Member or the State Historic Investor Member be personally liable for any liabilities, obligations, debts or contracts of the Company. Neither the State Historic Investor Member nor the Investor Member shall be obligated to make loans to the Company.

6.03 Outside Activities

Nothing herein contained in this Agreement shall be construed to constitute the Investor Member or the State Historic Investor Member as an agent of any other Member hereof or to limit in any manner the Investor Member or the State Historic Investor Member in the carrying on of its own businesses or activities. The Investor Member and the State Historic Investor Member may engage in and possess any interest in other business ventures (including limited partnerships and limited liability companies) of every kind, nature and description, independently or with others, whether existing as of the date hereof or hereafter coming into existence, including, without limitation, acting as general partner or limited partner of other partnerships which own, directly or through interests in other partnerships, housing projects similar to, or in competition with, the Project. Neither the Company nor any of the Members shall have any rights by virtue of this Agreement in or to any such other business ventures or to the income or profits derived therefrom and nothing shall be construed to render them partners in any such business ventures.

6.04 Execution of Amendments

The Investor Member and State Historic Investor Member each agrees to sign and acknowledge any amendment to this Agreement adopted in accordance with the terms of this Agreement and to execute whatever further instruments shall be necessary or appropriate in connection therewith. The Managing Member shall cause the due execution, acknowledgment, and filing for record (and publication, if required by the Act) of any such amendment or further instruments in accordance with the Act, and shall cause a copy of the endorsed copy thereof to be furnished to the Investor Member and the State Historic Investor Member.

6.05 Inspection of the Project

The Investor Member, State Historic Investor Member and/or each's respective agent or designee shall have the right to inspect the Project, including the rent rolls of the Project and general accounting and tax records of the Company at any time during normal business hours and upon reasonable prior notice and the Managing Member shall provide all reasonable assistance to the Investor Member and the State Historic Investor Member in such effort.

ARTICLE VII - ALLOCATIONS OF PROFITS AND LOSSES

7.01 Maintenance of Capital Accounts

The Company shall maintain a Capital Account for each Member. Such Capital Account shall be maintained in accordance with Treasury Regulation Section 1.704-1(b)(2)(iv). To each Member's Capital Account there shall be credited (i) such Member's Capital Contributions, (ii) the fair market value of any property such Member contributes to the Company (net of liabilities securing such property that the Company assumes or takes such property subject to) and (iii) its distributive share of Net Profits and Gains, tax-exempt income and any item in the nature of income or gain allocated to such Member under Section 7.02. To each Member's Capital Account there shall be debited (i) the amount of cash and the fair market value (as of the date of distribution) of any Company property (net of liabilities securing the distributed property that such Member assumes or subject to which such Member takes the distributed property) distributed to such Member pursuant to any provision of this Agreement, (ii) such Member's distributive share of Net Losses and Loss and any items in the nature of expenses or deductions that are allocated to such Member pursuant to Section 7.02 and (iii) such Member's distributive share of any other expenditures which are not deductible by the Company or which are not allowable as additions to the basis of Company Property.

7.02 Profits and Losses

(a) After giving effect to the special allocations set forth in Section 7.03, the Net Profits, Net Losses, Loss and credits of the Company shall be allocated one-tenth of one percent (0.10%) to the Managing Member, ninety-eight and nine-tenths percent (98.9%) to the Investor Member and one percent (1.00%) to the State Historic Investor Member; *provided, however*, that Gain shall be allocated among the Members as follows:

(i) To the Investor Member until the balance in the Investor Member's Capital Account equals the Credit Deficiency;

(ii) To the State Historic Investor Member until the balance in the State Historic Investor Member's Capital Account equals its Credit Deficiency;

(iii) To the Managing Member until the balance in the Managing Member's Capital Account equals the unrepaid portions of any Operating

Deficit Contribution, Operating Deficit Loan and Credit Adjuster Payment; and

(iv) The balance, among the Members so that, to the extent possible, the ratio of (x) the balance of the Investor Member's Capital Account in excess of the balance described in Section 7.02(a)(i) to (y) the balance in the Managing Member's Capital Account in excess of the balance described in section 7.02(a)(iii) to (z) the balance in the State Historic Investor Member's Capital Account in excess of the balance described in section 7.02(a)(ii) is twenty (20) to seventy-nine (7980) to one (1).

For purposes of the allocations of Gain and Loss, a Member's Capital Account shall be determined immediately prior to the event giving rise to the Gain and Loss as if, at such time, the books of the Company had been closed as though at the end of the taxable year.

7.03 Special Allocations and Limitations

(a) The following provisions shall apply notwithstanding the provisions of Section 7.02. In the event that there is a conflict between any of the following provisions, the earlier listed provision shall govern.

(b) If there is a net decrease in Minimum Gain attributable to Nonrecourse Liabilities during any taxable year, each Member who has a share of the Minimum Gain attributable to such Nonrecourse Liabilities (as such share is determined pursuant to Treasury Regulation Section 1.704-2(g)) shall be specially allocated items of Company income and gain for such year (and, if necessary, for succeeding years) equal to each Member's share of the net decrease in Minimum Gain (as such share is determined pursuant to Treasury Regulation Section 1.704-2(g)(2)). Notwithstanding the preceding sentence, a Member shall not be specially allocated items of Company income and Gain to the extent:

(i) Such Member's share of the net decrease in the Minimum Gain is caused by a guarantee, refinancing, or other change in the debt instrument causing it to become partially or wholly recourse debt or Member Nonrecourse Debt, and such Member bears the economic risk of loss (within the meaning of Treasury Regulation Section 1.752-2) for the newly guaranteed, refinanced, or otherwise changed liability;

(ii) Such Member contributes capital to the Company that is used to repay the Nonrecourse Liability, and such Member's share of the net decrease in Minimum Gain results from the repayment; or

(iii) If the Commissioner of the IRS waives or excepts such an allocation pursuant to Treasury Regulation Sections 1.704-2(f)(4) or (5).

It is the intent that items to be so allocated shall be determined and the allocations made in accordance with the minimum gain chargeback requirement of Treasury Regulation Section 1.704-2(f), and this Section 7.03(a) shall be interpreted consistently therewith.

(c) If there is a net decrease in Minimum Gain attributable to Member Nonrecourse Debt during any taxable year, each Member who has a share of the Minimum Gain attributable to such Member Nonrecourse Debt (as such share is determined pursuant to Treasury Regulation Section 1.704-2(g)) shall be specially allocated items of Company income and Gain for such year (and, if necessary, for succeeding years) equal to such Member's share of the net decrease in such Minimum Gain (as such share is determined pursuant to Treasury Regulation Section 1.704-2(g)(2)). Notwithstanding the preceding sentence, a Member shall not be specially allocated items of Company income and Gain to the extent:

(i) The net decrease in such Minimum Gain arises because the liability ceases to be Member Nonrecourse Debt due to a conversion, refinancing, or other change in the debt instrument that causes it to become partially or wholly a Nonrecourse Liability; or

(ii) Treasury Regulation Section 1.704-2(i) otherwise so provides.

It is the intent that items to be so allocated shall be determined and the allocations made in accordance with the minimum gain chargeback requirement of Treasury Regulation Section 1.704-2(i) and this Section 7.03(b) shall be interpreted consistently therewith.

(d) In the event a Member unexpectedly receives in any taxable year any adjustments, allocations or distributions described in Treasury Regulation Sections 1.704-1(b)(2)(ii)(d)(4), (5), or (6) that cause or increase an Adjusted Capital Account Deficit of such Member, items of Company income and Gain shall be specially allocated to such Member in such taxable year (and, if necessary, in succeeding taxable years) in an amount and manner sufficient to eliminate, to the extent required by the Treasury Regulations, the Adjusted Capital Account Deficit of such Member as quickly as possible. It is the intent that items to be so allocated shall be determined and the allocations made in accordance with the qualified income offset provision of Treasury Regulation Section 1.704-1(b)(2)(ii)(d) and Section 7.03(c) shall be interpreted consistently therewith.

(e) No Net Losses, Losses or Company deductions for any taxable year shall be allocated to the Investor Member to the extent such allocation would cause or increase an Adjusted Capital Account Deficit with respect to such Member, and such Net Losses, Losses or Company deductions shall instead be allocated to the Managing Member.

(f) If in any taxable year there is a net increase during such year in the amount of Minimum Gain attributable to a Member Nonrecourse Debt, any Member bearing the economic risk of loss with respect to such debt (within the meaning of Treasury Regulation Section 1.752-2) shall be specially allocated items of Company loss or

deduction in an amount equal to the excess of (i) such Member's share of the amount of such net increase, over (ii) the aggregate amount of any distributions during such year to such Member of the proceeds of such debt that are allocable to such increase in Minimum Gain. It is the intent that items to be so allocated shall be determined and the allocations made in accordance with the required allocation of "partner nonrecourse deductions" pursuant to Treasury Regulation Section 1.704-2(i), and this Section 7.03(e) shall be interpreted consistently therewith.

(g) The Managing Member's interest in each material item of Company income, gain, loss, deduction, and credit will be equal to at least one-tenth of one percent (0.10%) of each such item at all times during the existence of the Company.

(h) The special allocations set forth in Sections 7.03(a), (b), (c), and (e) (the "Regulatory Allocations") are intended to comply with certain requirements of Treasury Regulation Sections 1.704-1(b) and 1.704-2. The Regulatory Allocations shall be taken into account in allocating other profits, losses and other items of income, gain, loss and deduction to the Members so that, to the extent possible, the net amount of such allocations of profits and losses and other items shall be equal to the amount that would have been allocated to each Member had the Regulatory Allocation not occurred. In the event that in any year the Regulatory Allocations alter the allocations of tax items to the Members, to the extent possible, depreciation deductions shall nevertheless be allocated ninety-eight and nine-tenths percent (98.9%) to the Investor Member, one percent (1.00%) to the State Historic Investor Member and one-tenth of one percent (0.10%) to the Managing Member.

(i) The respective interest of the Members in the Net Profits, Net Losses, Gain, and Loss or items thereof shall remain as set forth above unless changed by amendment to this Agreement or by an assignment of a Company Interest authorized by the terms of this Agreement. Except as otherwise provided herein, for tax purposes, all items of income, gain, loss, deduction, or credit shall be allocated to the members in the same manner as are Net Profits from operations; provided, however, that with respect to property contributed to the Company by a Member, such items shall be shared among the Members so as to take into account the variation between the basis of such property and its fair market value at the time of contribution in accordance with Section 704(c) of the Code.

(j) In accordance with Section 704(c) of the Code and the Treasury Regulations thereunder, income, gain, loss, and deduction with respect to any property contributed to the capital of the Company shall, solely for tax purposes, be allocated 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 initial fair market value (as used as book value of the property by the Company). In the event the book value of any Company property is adjusted upon: (i) acquisition of a Company interest by any Person in exchange for a capital contribution; or (ii) any non-pro rata distribution to Members of Company property other than cash; subsequent allocations of income, gain, loss, and deduction with respect to such asset shall take account of any variation between the adjusted basis of such asset for federal income tax purposes and its book value in the

same manner as under Section 704(c) of the Code. Allocations pursuant to this Section 7.03 are solely for purposes of federal, state, and local taxes and shall not affect, or in any way be taken into account in computing, any Member's Capital Account or share of Net Profits or Net Losses, other items, or distributions pursuant to any provision of this Agreement.

(k) Solely for purposes of determining a Member's proportionate share of the "excess nonrecourse liabilities" of the Company within the meaning of Treasury Regulation Section 1.752-3(a)(3), the Managing Member's interest in Company profits shall equal one-tenth of one percent (0.10%), the Investor Member's interest in Company profits shall equal ninety-nine and ninety-eight and nine-tenths percent (98.9%) and the State Historic Investor Member's interest in the Company profits shall equal one percent (1.00%).

(l) In the event the Managing Member makes an Operating Deficit Contribution in a particular year, the Managing Member shall be specially allocated the expenses paid by the proceeds of such Operating Deficit Contribution or Operating Deficit Loan, but in no event shall the Managing Member be allocated any depreciation deductions.

(m) If any Member's Capital Contribution is used to fund any syndication fees or expenses referred to in Section 709 of the Code, such Member shall be specially allocated such fees or expenses.

(n) If an Interest in the Company is transferred or a member becomes a member during a taxable year (including the admission of the Investor Member), net income or net loss (and any item of income, gain, loss, deduction or credit) for such taxable year allocable to the transferred or new Interest shall be allocated among the Members on an interim closing of the books basis, based upon that portion of such taxable year during which each was recognized as owning such interest and the amount of such Interest owned; provided, that such allocation must be in accordance with a method permissible under section 706 of the Code and Treasury Regulations thereunder.

(o) In the event that any fee payable to any Managing Member or any Affiliate shall be determined to be a non-deductible, non-capitalization distribution from the Company to a Member for federal income tax purposes, then there shall be allocated to such Managing Member an amount of gross income equal to the amount of such distribution; provided, however, that no such allocation will be made if it would result in any portion of the Company Property being treated as exempt use property under Section 168(h) of the Code.

(p) Nonrecourse deductions as defined in Treasury Regulation Section 1.704-2(b)(1) for any Fiscal Year shall be allocated ninety-eight and nine-tenths of one percent (98.9%) to the Investor Member, one percent (1.00%) to the State Historic Investor Member and one-tenth of one percent (0.10%) to the Managing Member.

(q) Notwithstanding anything to the contrary herein, the State Historic Credits shall be specially allocated 100% to the State Historic Investor Member.

(r) Any recapture or loss of any Credits or State Historic Credits allocated to any Member shall be allocated to the Member who was originally allocated such Credits or State Historic Credits.

(s) Any income attributable to the State Historic Credits, if any, will be allocated to the State Historic Investor Member.

ARTICLE VIII - CASH DISTRIBUTIONS

8.01 Distributions of Net Cash Flow

Net Cash Flow, to the extent available, shall be distributed to and among the Members, within ninety (90) days after the close of each Fiscal Year, eighty-nine percent (89%) to the Managing Member, one percent (1%) to the State Historic Investor Member and ten percent (10%) to the Investor Member.

8.02 Distributions of Capital Proceeds

Any Capital Proceeds other than net proceeds upon liquidation of the Company resulting from the sale of the Company Property, which shall be governed by Article XII, shall be distributed to and among the Members in the following amounts and order of priority:

(a) To the payment of the First Priority Mortgage Loan to the extent then due thereon;

(b) To fund the Replacement Reserve;

(c) To the restoration of the minimum balance of the Operating Reserve;

(d) To the Investor Member, an amount equal to any remaining Credit Deficiency:

(e) To the Investor Member in the amount of any unpaid Investor Services Fee;

(f) To pay any unpaid Development Fee;

(g) To the Managing Member to repay any unrepaid portion of any Credit Adjuster Payment;

(h) To the Managing Member to repay any unrepaid portion of any Operating Deficit Contribution or any Operating Deficit Loan;

(i) To the extent taxable income is allocated to the Investor Member, a percentage of the allocated taxable income equal to the highest Federal marginal tax rate applicable to the Investor Member for the calendar tax year of allocation;

(j) To the extent taxable income is allocated to the State Historic Investor Member, a percentage of the allocated taxable income equal to the highest Federal

marginal tax rate applicable to the State Historic Investor Member for the calendar tax year of allocation;

(k) To the Managing Member, to pay its annual administrative fee;

(l) To the Managing Member, up to 10% of the gross revenue as an annual incentive management fee; and

(m) The balance, eighty-nine percent (89%) to the Managing Member, one percent (1%) to the State Historic Investor Member and ten percent (10%) to the Investor Member.

ARTICLE IX - ADMISSION OF SUCCESSOR AND ADDITIONAL MANAGING MEMBERS; REMOVAL AND WITHDRAWAL OF MANAGING MEMBER

9.01 Admission of Successor or Additional Managing Members

(a) The Managing Member shall not have any right to retire or withdraw voluntarily from the Company or to sell, transfer, or assign all or any portion of its Interest, without the Consent of the Investor Member in its sole discretion and the consent of the First Priority Mortgage Lender if required by the Loan Documents. In the event that the Consent of the Investor Member, and the consent of the First Priority Mortgage Lender if required, has been obtained by the Managing Member, the Managing Member shall designate one or more persons to be its successor. In no event shall the Interests of the other Members be affected thereby. The designated successor Managing Member shall be admitted as such to the Company upon approval of the Investor Member and the approval of the First Priority Mortgage Lender, if required, of such successor Managing Member and upon satisfying the conditions of this Article IX and Section 15.01. Any voluntary withdrawal by the Managing Member from the Company or any sale, transfer, or assignment by the Managing Member of its Interest shall be effective only upon the admission in accordance with this Section 9.01(a) and Section 15.01 of a successor Managing Member.

(b) The successor Managing Member shall pay to the Company all costs and expenses incurred in connection with such substitution, including, without limitation, legal and other costs incurred in the review and processing of the assignment, in amending this Agreement, and in filing the amended Certificate.

(c) The successor Managing Member shall by its execution of this Agreement and as a condition precedent to receiving any Interest in the Company or the Company Property agree to be bound by this Agreement, including, as appropriate, becoming a party to all the agreements that are exhibits to this Agreement to the same extent and on the same terms as the predecessor Managing Member.

(d) Upon the admission of the successor Managing Member, an amendment to this Agreement reflecting such admission, and stating the agreement set forth in Section 9.01(c) and in all respects in compliance with the requirements of the Act shall be

executed and an amendment to the Certificate shall be executed and filed in accordance with the Act.

9.02 Removal of a Managing Member or Management Agent

(a) The Investor Member, by Consent of the Investor Member (in its sole discretion), shall have the right to remove a managing member of the Company as the Managing Member for any of the following reasons:

(i) The Managing Member has committed an act or acts of gross negligence, willful misconduct, substantial mismanagement of the Project or Company, malfeasance, fraud or has breached this Agreement;

(ii) The Managing Member or the Company has taken any action or failed to take any action that would (A) cause the termination of the Company for federal income tax purposes, (B) cause the Company to be treated for federal income tax purposes as an association taxable as a corporation, (C) cause the Company to fail to qualify as a limited liability company under the Act, or (D) cause the Investor Member to be liable for Company obligations in excess of its Capital Contributions;

(iii) During the Compliance Period, the Managing Member or the Management Agent has operated the Company Property or the Project in a manner so as not to qualify as a "qualified low-income housing project" under Section 42(g)(1) of the Code and upon notice by the Investor Member, has not removed and replaced the Management Agent as described below;

(iv) A filing of a foreclosure or other creditor's action or exercise of control over the Project by a lender or other creditor, or the filing of a bankruptcy petition or similar creditor's action by or against the Company or the Managing Member and such action is not vacated, discharged, stayed or bonded within one hundred twenty (120) days;

(v) The Managing Member has not complied fully with its obligations to fund Credit Adjuster Payments, and Operating Deficit Loans, unless the Guarantor has funded such obligations; or

(vi) Any other event under the Act which requires removal or withdrawal of the Managing Member.

The Investor Member shall have the right to cause the Managing Member to remove the Management Agent if (a) the Management Agent has committed acts or omissions as described in paragraph (iii) above upon thirty (30) days notice, or such longer period if such breach cannot be cured in thirty (30) days and the Managing Member and/or the Management Agent is diligently pursuing such cure, (b) if there occurs any serious problem or repair requiring immediate action by the Management Agent has not been remedied by the Management Agent to the reasonable satisfaction of

the Investor Member within ninety (90) days of notice from the Investor Member to the Managing Member and Management Agent, (c) the average vacancy rate for the Project for any twenty-four (24) month consecutive period after the Stabilization Date is at least seven and one-half percent (7.5%) above the average vacancy rate for comparable low-income housing units then prevailing in the City of Richmond, Virginia during such period or (d) the Project has not achieved Break-even operations for a period of twelve consecutive months during any twenty-four month period after the Stabilization Date.

(b) Upon the removal of the Managing Member for any reason pursuant to Section 9.02(a), the remaining or successor Managing Member shall cause the Company to redeem the removed Managing Member's Interest for an amount equal to the Fair Market Value of the Managing Member's Interest, and such removed Managing Member shall thereafter cease to have any interest in the capital, profits, losses, distributions, and all other economic incidents of ownership of the Company; *provided, however*, such removed Managing Member and its Affiliates shall be entitled to receive any fee, pursuant to this Agreement, that has been earned by the Managing Member and its Affiliates as of the time of its removal. Notwithstanding the foregoing, any fee earned by the Managing Member and its Affiliates as of the time of its removal shall be offset by any amounts owed by the Managing Member to the Investor Member and the Company as of the date of the Managing Member's removal, and the balance of any such fee shall be paid to the Managing Member or its Affiliate, as appropriate, within sixty (60) days of such removal. In addition, except as noted above, upon any removal of a Managing Member under this Section 9.02(b), all agreements between the Company and any Affiliates of such Managing Member may, at the election of the Company, be terminated and the Company shall have no further obligation under such agreements.

(c) In the event that the Managing Member is removed, such removed Managing Member shall be and shall remain liable only for any 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 set forth in Sections 3.03, 5.13 and 5.14 of this Agreement with regard to Credit Adjuster Payments, Development Advances, and Operating Deficit Loans Should the Project have operated at less than Stabilization for the three month period immediately preceding the removal of the Managing Member pursuant to this Section 9.02 at any time, the Managing Member shall be obligated to fund Operating Deficit Loans (up to the Maximum Operating Deficit Loan Cap (the Maximum Operating Deficit Loan Cap to be calculated using Project Expenses for the three month period ending on the last day of the month prior to the date of the Managing Member's removal)), and, once the Managing Member has funded the Operating Deficit Loans (up to the Maximum Operating Deficit Loan Cap), the Managing Member shall be released from any obligation to fund further Operating Deficit Loans. Notwithstanding anything to the contrary in this Section 9.02(c), the preceding sentence shall not require the Managing Member to fund Operating Deficit Loans with respect to Operating Deficits incurred after the date on which its removal becomes effective, even if the Managing Member is obligated to make Operating Deficit Loans under Section 5.14 relating to Operating Deficits incurred prior to the date on which its removal becomes effective.

(d) In the event the Managing Member has been removed, the Investor Member shall have the right, without the consent of any other Member, to designate a successor Managing Member and the Investor Member may, within ninety (90) days of the Managing Member's removal, elect to continue the business of the Company. In the event that the Management Agent has been removed, the Managing Member shall have the right, with the consent of the Investor Member, but subject to the approval of the Authority and the First Priority Mortgage Lender if required by the Loan Documents, to designate the Management Agent. In the event that the Management Agent has been removed and no Managing Member remains, the Investor Member shall have the right to designate the Management Agent, subject to the approval of the Authority and the First Priority Mortgage Lender if required by the Loan Documents.

(e) The Investor Member shall not have the right to exercise any of its remedies pursuant to this Section as a result of any failure or violation described in Section 9.02(a)(i)-(iii) or (v) if any Managing Member shall cure such failure or violation within ninety (90) days after notice (or up to one hundred eighty (180) days if the Managing Member is diligently pursuing the cure).

9.03 Event of Bankruptcy of a Managing Member

(a) A Managing Member shall cease to be a Managing Member upon an Event of Bankruptcy with respect to such Managing Member, or, with the Consent of the Investor Member (in its sole discretion), upon the occurrence of such Managing Member's insolvency. Upon such an Event of Bankruptcy, or, with the Consent of the Investor Member (in its sole discretion), such insolvency, the remaining or successor Managing Member shall cause the Company to redeem the Managing Member's Interest for an amount equal to the Fair Market Value of the Managing Member's Interest and such Managing Member shall thereafter cease to have any interest in the capital, profits, losses, distributions, and all other economic incidents of ownership of the Company; provided, however, such Managing Member or its Affiliates, as the case may be, shall be entitled to receive any fee, pursuant to this Agreement or any ancillary agreement, that has been earned by the Managing Member or its Affiliates, as the case may be, as of the time of such Event of Bankruptcy or insolvency. Notwithstanding the foregoing, any fees earned by the Managing Member and its Affiliates as of the Event of Bankruptcy shall be offset by any amounts owed by the Managing Member to the Investor Member and the Company as of the date of the Event of Bankruptcy, and the balance of any such fee shall be paid to the Managing Member or its Affiliate, as appropriate within sixty (60) days. In addition, upon any sale by a Managing Member under this Section 9.03(a), all agreements between the Company and any Affiliates of such Managing Member may, at the election of the Company, be terminated and the Company shall have no further obligation under any such agreements.

(b) If, at the time of an Event of Bankruptcy with respect to a Managing Member, such Managing Member was the sole Managing Member, the Investor Member shall have the right, in its sole discretion, but subject to the approval of the Authority and the First Priority Mortgage Lender if required in the Loan Documents, to designate the successor Managing Member and the Investor Member may, within the maximum

number of days permitted by the Act after the Managing Member's ceasing to be a Managing Member of the Company, elect to continue the business of the Company.

9.04 Liability of a Removed or Withdrawn Managing Member

Any Managing Member who for any reason voluntarily or involuntarily withdraws or is removed from the Company or sells, transfers, or assigns its Interest shall be and remain liable for all obligations, liabilities, and guarantees incurred by it as a Managing Member prior to the time when the withdrawal, removal, sale, transfer, or assignment becomes effective. Such Managing Member shall continue to be liable pursuant to the provisions of Section 5.06 with respect to its acts and omissions occurring on or prior to the effective date of such withdrawal or removal.

9.05 Restrictions on Transfer of Managing Member's Interest

Notwithstanding anything to the contrary in this Article IX, the assignment or transfer of a Managing Member's Interest shall at all times be subject to any additional restrictions applicable to an assignment or transfer of the Interest of a Investor Member as set forth in Article X hereof. No assignee or transferee of all or any part of the Interest of a Managing Member shall have any right to become a Managing Member except as provided in this Article IX.

9.06 Continuation of the Business of the Company

(a) If, at the time of an event described in Section 9.02 or Section 9.03 or any other event described in the Act with respect to a Managing Member, such Managing Member was not the sole Managing Member, the remaining Managing Member or Managing Members shall elect to continue the business of the Company and shall immediately: (i) give Notice to the Investor Member of such event; and (ii) make any amendments to this Agreement and execute and file for recording any amendments or other documents or instruments necessary to reflect the termination of the Interest of the Managing Member as to which such event has occurred and such Managing Member having ceased to be a Managing Member and in order to comply with the requirements of the Act.

(b) A Person shall be admitted as a successor or additional Managing Member with the Consent of the Investor Member (in its sole discretion) if an amendment to the Certificate evidencing the admission of such Person as a Managing Member shall have been filed for recordation. Each Managing Member hereby agrees to execute promptly any such amendment to the Certificate, if required, in the event of its withdrawal or removal pursuant to the provisions of this Article IX. The election by the Investor Member to remove any Managing Member under Section 9.02 shall not limit or restrict the availability and use of any other remedy that the Investor Member or any other Member might have with respect to any Managing Member in connection with its undertakings and responsibilities under this Agreement, and they are understood by the parties hereto to be permitted by the Act as the exercise of powers not constituting participation in the control of the business so as to convert the investor member interest

of the Investor Member into a managing member interest for any purpose or to any extent.

(c) Any successor Managing Member shall, as of the date of its admission as a Managing Member, be fully obligated under all provisions of this Agreement.

ARTICLE X - ASSIGNABILITY OF INTERESTS OF INVESTOR MEMBER AND THE STATE HISTORIC INVESTOR MEMBER

10.01 Substitution and Assignment of a Investor Member's Interest

(a) A Investor Member may not sell, transfer, assign, pledge, or otherwise dispose of all or any part of its Interest without the Consent of the Managing Member, the granting or denying of which shall not be unreasonably withheld, and the payment by such Investor Member or its assignee of all out-of-pocket costs of such assignment including, without limitation, the costs of filing the amended certificate, attorney's fees and accountant's fees, if applicable; provided, however, the Investor Member shall have the absolute right to transfer up to one hundred percent (100%) of its Interest to any entity in which Fulton serves as general partner, managing member or directly or indirectly controls the general partner or managing member or any other Affiliate, without obtaining the Consent of the Managing Member (a "Permitted Transfer") so long as the Investor Member notifies the Managing Member of such transfer within thirty (30) days of the transfer date. The Managing Member, at the sole expense of the assigning Investor Member, shall cooperate in good faith to effect a Permitted Transfer as expeditiously as possible, including without limitation the execution of appropriate amendments to, or updates of, the Project Documents and Loan Documents and/or any other documents which the assigning Investor Member reasonably determines necessary or appropriate to accomplish such Permitted Transfer, including, but not limited to, any amendments, updated corporate opinion, authorizing resolutions of the Managing Member and any other documents reasonably deemed necessary and appropriate by the Investor Member. The Company shall not be required to recognize any such assignment until the instrument conveying such Interest has been delivered to the Managing Member for recordation on the books of the Company. If an assignee of the Investor Member pursuant to this Section 10.01(a) does not become a Substitute Investor Member pursuant to Section 10.01(b), the Company shall not recognize the assignment, and the assignee shall not have any rights hereunder or any rights exercisable against the Company to receive any portion of the share of profits, losses and distributions of the Company to which the Investor Member would have been entitled if no such assignment had been made by the Investor Member. Any such profits, losses and distributions shall continue to be allocated as if there were no assignment.

(b) An assignee of the Interest of an Investor Member, or any portion thereof, shall become a Substitute Investor Member entitled to all the rights of an Investor Member if, and only if:

(i) The assignor grants to the assignee such right;

(ii) Except for those transfers permitted under Section 10.01(a), the Managing Member, with the Consent of the Investor Member, consents to such substitution, the granting or denying of which consent shall be in the sole and absolute discretion of the Managing Member prior to the payment in full of the Capital Contribution of the Investor Member and thereafter in the reasonable discretion of the Managing Member;

(iii) The assignor or assignee pays to the Company all costs and expenses incurred by the Company in connection with such substitution, including, without limitation, legal fees and costs incurred in the review and processing of the assignment, and in amending, if necessary, the Company's then current Agreement; and

(iv) The assignee executes and delivers such instruments, in form and substance satisfactory to the Managing Member, as the Managing Member may deem necessary or desirable to effect such substitution and to confirm the agreement of the assignee to be bound by all of the terms and provisions of this Agreement.

(c) Upon the admission of any Substitute Investor Member, an amendment to this Agreement, reflecting such admission, shall be executed by the Members. Such amendment shall reflect the name, address and Capital Contribution of such Substitute Investor Member, and anything else required by the Act, and shall set forth the agreement of such Substitute Investor Member to be bound by all the provisions of this Agreement. The Managing Member shall file such amended Certificate as the Act requires at the expense of the Substitute Investor Member.

(d) The Company and the Managing Member shall be entitled to treat each Person set forth on Exhibit A as the absolute owner of its Interest in all respects, and shall incur no liability for distributions of cash or other property made in good faith to such owner until such time as a written assignment of such Interest has been received and accepted by the Managing Member and recorded on the books of the Company. The Managing Member may refuse to accept an assignment until the end of the next successive quarterly accounting period

10.02 Assignment of a State Historic Investor Member's Interest

A State Historic Investor Member may not sell, transfer, assign, pledge, or otherwise dispose of all or any part of its Interest without the Consent of the Managing Member.

ARTICLE XI - MANAGEMENT AGENT

11.01 Managing Member to Engage Management Agent

The Managing Member shall have responsibility for engaging a management agent (which may be an Affiliate of the Managing Member) acceptable to the Investor Member, the Mortgagees and any other governmental authority having jurisdiction over

the Project. The Management Agent shall manage and operate the Company Property in accordance with the requirements of the Mortgagees, any other lenders and any other governmental authority having jurisdiction with respect thereto. The Property Management Agreement attached as Exhibit K shall provide that if the Managing Member is removed pursuant to Section 9.02 and the Management Agent is an Affiliate of such removed Managing Member, the Property Management Agreement will terminate. Any removal of the Management Agent in accordance with Article IX hereof shall be made only upon obtaining the consents or approvals, if any, required by the Loan Documents or Project Documents. Any hiring of a new Management Agent shall be made only upon obtaining the consents or approvals, if any, required by the Loan Documents or Project Documents, with the Consent of the Investor Member. If the Managing Member shall at any time select a management agent other than the Management Agent, such successor to the Management Agent may (subject to any required consent or approval of the Investor Member or the Mortgagees) be an Affiliate of the Managing Member, but shall not be the Managing Member. An Affiliated Management Agent shall be entitled to receive such management fees at an amount equal to the fees of the removed Management Agent that are acceptable to the Mortgagees, subject to the Consent of the Investor Member. Any Non-Affiliated successor management agent shall be entitled to receive such management fees as may be agreed upon between the Managing Member and such agent, which shall be acceptable to the Mortgagees if their consent is required, and subject to the Consent of the Investor Member.

ARTICLE XII - DISSOLUTION OF COMPANY

12.01 Dissolution

(a) The Company shall be dissolved, and the business of the Company shall be terminated in accordance with the Act, upon the occurrence of any of the following events:

(b) The dissolution, liquidation, withdrawal, retirement, removal, death, insanity, disability and/or Event of Bankruptcy of a Managing Member if there is no remaining Managing Member; provided, however, that the Company shall not be dissolved as aforesaid if the Investor Member shall, within the maximum number of days permitted by the Act, elect to continue the Company and the Company business, and shall designate a successor Managing Member, which upon its admission to the Company shall immediately obtain all of the Managing Member's rights to receive Net Cash Flow, Sale and Refinancing Proceeds, and the unpaid portion of any fees pursuant to this Agreement, to the extent not already earned by the Managing Member, for a purchase price equal to the balance of the Fair Market Value of the Managing Member’s Interest;

(c) An election to dissolve the Company made in writing by all of the Members in accordance with the Act;

(d) The sale or other disposition of all or substantially all of the Company Property;

(e) Reserved; and

(f) The occurrence of any other event causing the dissolution of a limited liability company under the laws of the Commonwealth of Virginia.

12.02 Distribution of Company Assets

Upon the dissolution of the Company, the Company business shall be wound up and its assets liquidated; and the net proceeds of such liquidation shall be distributed in the following order of priority (but in all events in accordance with the Act):

(a) To the payment of the debts and liabilities of the Company (including any amounts that may be owed to any Member) and the expenses of liquidation;

(b) To establishing any reserves that the Managing Member or liquidator, in accordance with sound business judgment, deems reasonably necessary for any contingent or unforeseen liabilities or obligations of the Company, which reserves may be paid over to an escrow agent to be held by such agent for the purpose of (A) distributing such reserves in payment of the aforementioned contingencies, and (B) upon the expiration of such period as the Managing Member or such liquidator may deem advisable, distributing the balance thereof in the manner provided in this Section 12.02; and

(c) To the Members in accordance with the then remaining balances in their respective Capital Accounts after all allocation of gain and all capital account adjustments have been made pursuant to Article VII.

Notwithstanding any other provision of this Agreement, upon liquidation of a Member's entire Interest in the Company, whether in liquidation of the Company or otherwise, such Member shall receive a distribution in accordance with the positive balance in its Capital Account no later than the end of the taxable year of such liquidation or, if later, within ninety (90) days of such liquidation. Notwithstanding the foregoing, Section 3.06 shall apply with respect to any Member if the Capital Account of such Member has a negative balance.

12.03 Termination of the Company

The Company shall terminate when all Company Property shall have been disposed of (except for any liquid assets not so disposed of), and the net proceeds therefrom, as well as any other liquid assets of the Company, have been distributed to the Members as provided in this Article XII and in accordance with the Act.

ARTICLE XIII - ACCOUNTING AND REPORTS

13.01 Bank Accounts

The Managing Member shall deposit the funds of the Company in the name of the Company in such separate bank account or accounts maintained with Fulton Bank, N.A.,

whose deposits are insured by an agency of the federal government. The Managing Member shall arrange for the appropriate conduct and operation of such account or accounts.

13.02 Books of Account

There shall be kept at the principal office of the Company true, correct, and complete books of account, maintained in accordance with generally accepted accounting principles, consistently applied, in which shall be entered fully and accurately each and every transaction of the Company. For federal income tax and financial reporting purposes, the Company shall use the accrual method of accounting. Each Member shall have access thereto to inspect and copy such books of account at all reasonable times. Any Member shall further have the right to a private audit of the books and records of the Company, provided that such audit is made at the expense of the Member desiring the same and is made at reasonable times during normal business hours after due Notice. The Company shall retain all books and records for the longest of the period required by applicable laws and regulations, Section 42 of the Code, the Project Documents and Loan Documents, but in all cases, until all tax years occurring during the Compliance Period are not subject to a federal income taxation audit.

13.03 Reports

(a) The Managing Member shall cause to be prepared and delivered to the Investor Member and, when required, shall cause the Company to file with relevant governmental agencies, each of the following:

(i) *Quarterly Financial Reports of the Company*. As soon as available and in any event not later than sixty (60) days after the end of the first, second and third quarters of each year to be completed:

1. unaudited financial statements of the Company, certified by the Managing Member as presenting fairly the financial condition of the Company at the date of such statements including 1) the balance sheet as of the end of such quarter, 2) the year-to-date statement of operations compared to the budget, 3) the year to date statement of changes in Members' capital accounts, and 4) disclosure of any compensation paid to or for the benefit of the Managing Member or its Affiliates. Such unaudited financial statements shall be prepared in accordance with generally accepted accounting principles applied on a consistent basis; and

2. copies of 1) the rent rolls for the Project indicating the rent, 2) bank statements, 3) reserve activity, 4) status report and narrative description of material developments and 5) vacancy report.

(ii) *Annual Audited Financial Statements of the Company*. As soon as available and in any event not later than ninety (90) days after the end of each year:

3. the audited financial statements of the Company, as of the end of such year, including the balance sheet, and the related statement of operations, statement of changes in Members' capital accounts and statement of cash flows and disclosure of any compensation paid to or for the benefit of the Managing Member or its Affiliates with the report of the Accountants thereon to the effect that such statements present fairly the financial position at the end of such year and the results of its operations and changes in financial position for the year then ended in conformity with generally accepted accounting principles applied on a consistent basis;

4. copies of (1) the rent rolls for the Project indicating the rent, (2) the bank statements, (3) status report and narrative description of material developments and (4) vacancy report.

(iii) *Annual Company Return*. As soon as available and in any event not later than ninety (90) days after the end of each year, all information necessary for the preparation of the Investor Member's federal income tax return for each year in respect of income, gains, losses, deductions, or credits and the allocation thereof to each Member, including a Form K-1 (or other comparable form subsequently required by the IRS) and a copy of the federal "Company Return" and any state or local Company tax return required to be filed by the Company.

(iv) Periodic Reports Requiring Investor Member Approval. Any and all periodic reports required to be provided to the Investor Member by any federal, state, or local government agency having jurisdiction over the Project, the Company Property, or the Company.

(v) Notice of Defaults, IRS Proceedings and Significant Developments. Within fifteen (15) days upon receipt thereof (A) notice of any default under any Loan or financial obligation of the Company, (B) notice of any IRS proceeding involving the Company, (C) any payment or draw made under any operating deficit guaranty, construction completion guaranty, performance bond or letter of credit, and any other significant developments affecting the Company, its business or assets, or (D) notice of any default provided by the Authority.

(vi) Deficits; Draws on Bonds, Guaranties, or Reserves. Within fifteen (15) days of the exercise thereof, call or demand for payment of any Operating Deficit, contractor performance bonds or construction completion guarantee, and any draw on the Operating Reserve.

(vii) Construction Draw Requests and Meeting Minutes. Prior to the Completion Date, all approved construction draw requests and copies of all construction meeting minutes.

(viii) Tenant Certifications. Prior to the due date (subject to any extensions) of the Company's federal income tax return for the year all Units in the Project are placed in service, documentation evidencing review by a third party of the initial tenant files for all Units and such third party's determination that all Units were initially occupied by Qualified Tenants. Such third party reviewer shall be selected by the Managing Member subject to the Consent of the Investor Member.

(ix) Annual Budget. An annual pro forma operating budget for the succeeding calendar year promptly after the preparation of same.

(b) The Managing Member shall promptly respond to all reasonable requests for information made by the Investor Member not otherwise specifically required by this Agreement. The Investor Member shall bear all costs of compliance with and preparation of responses to the Investor Member's requests for information.

(c) The Managing Member shall deliver to the Investor Member, within sixty (60) days of the Investor Member's admission to the Company, a closing binder which will include copies of all legal documents associated with the Company and the Project. This binder can be in the form of electronic media or paper documents.

(d) The Managing Member shall deliver to the Investor Member from time to time, and within twenty (20) days after request therefore, all such further statements and information as the Investor Member may request in order to enable the Investor Member to determine or verify the amounts of all payments that the Managing Member shall be required to make to the Members and the amounts of credits, and all such statements and information needed by the Investor Member in connection with reports and forms required to be filed by the Investor Member pursuant to federal or state securities law.

13.04 Tax Matters Member

(a) The Tax Matters Member shall have and perform all of the duties required under the Code, including the obligations under Sections 5.01(c) and 5.03(c) and the following duties:

(i) Furnish the name, address, profits interest, and taxpayer identification number of each Member to the IRS; and

(ii) Within fifteen (15) calendar days after the receipt of any correspondence or communication relating to the Company or a Member from the IRS, the Tax Matters Member shall forward to each Member a photocopy of all such correspondence or communication(s). The Tax Matters Member shall, within fifteen (15) 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.

The Tax Matters Member shall not without the Consent of the Investor Member with respect to amounts in controversy or tax items in the aggregate for any taxable year exceeding $25,000:

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

(i) Settle any audit with the IRS concerning the adjustment or readjustment of any Company tax item(s);

(ii) 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;

(iii) Initiate or settle any judicial review or action concerning the amount or character of any Company tax item(s);

(iv) Intervene in any action brought by any other Member for judicial review of a final adjustment; or

(v) Take any other action not expressly permitted by this Section 13.04 on behalf of the Members or the Company in connection with any administrative or judicial tax proceeding.

(c) In the event of any Company-level proceeding instituted by the IRS pursuant to Sections 6221 through 6233 of the Code, the Tax Matters Member shall consult with the 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 Member also shall consult with the 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).

ARTICLE XIV - BUYOUT OPTION AND RIGHT OF FIRST REFUSAL

14.01 Buyout Option

At all times after the end of the Compliance Period, the Managing Member shall have the option (the "***Buyout Option***"), to purchase the Investor Member's entire Interest in the Company for the "***Buyout Price***." The Buyout Option shall be exercisable upon at least fifteen (15) days and not more than one hundred eighty (180) days prior written Notice to the Investor Member. The Buyout Price shall be the greater of (a)(i) the Fair Market Value of the Investor Member's Interest, subject to continued use of the Project for low-income housing for at least fifteen (15) years after the end of the Compliance Period, and at least through the end of the Extended Use Period, as of the date of the closing of the Buyout plus (ii) all amounts currently owed to the Investor Member by the Company or the Managing Member or (b) the taxes and fees payable by the Investor

Member as a result of the sale of the Investor Member's Interest pursuant to the Buyout Option.

The Managing Member's Notice to the Investor Member (the "***Buyout Notice***") shall include (i) an appraisal of all of the assets of the Partnership (the "***Appraised Value***") by an appraiser selected by the Managing Member, appraised as low-income housing to the extent continuation of such use is required under the extended use agreement with the Authority, and (ii) a calculation by the Accountants of (A) the value of the Investor Member's Interest based on such Appraised Value and the Buyout Price, all calculated as of the closing date proposed by the Managing Member in its Buyout Notice. The Investor Member shall have fifteen (15) calendar days after receipt of the Buyout Notice in which either to accept the Buyout Price set forth in the Buyout Notice or to notify the Managing Member of its desire to have the parties appoint a second appraiser to evaluate the Buyout Price. In the event that the Investor Member fails to notify the Managing Member within the aforesaid fifteen (15) calendar day period that it desires to appoint a second appraiser, it shall be deemed to have accepted the Buyout Price, in which event the Buyout Price shall be the price calculated by the Accountants and set forth in the Buyout Notice, and the Managing Member shall purchase the Interest of the Investor Member on the date specified in the Buyout Notice. In the event that the Investor Member notifies the Managing Member of its desire to have the Managing Member and Investor Member appoint a second appraiser, the Investor Member and the Managing Member together shall appoint a second appraiser mutually agreeable to both the Investor Member and the Managing Member within fifteen (15) days after the Investor Member notifies the Managing Member of its election. In the event that the Investor Member and the Managing Member cannot agree on a second appraiser within such fifteen (15) day period, the Investor Member shall appoint a second appraiser in its sole discretion. The second appraiser so appointed shall determine the Appraised Value of the assets of the Company within thirty (30) days after its appointment, and the Appraised Value of such assets for the purpose of determining the Buyout Price shall be the average of the two appraisers' determinations.

The Accountants shall determine the Buyout Price within fifteen (15) days after the two appraisers complete their determinations of the value of all of the assets of the Company. For purposes of calculating the Buyout Price, the Fair Market Value of the Investor Member's Interest shall be based on the amount of Sales Proceeds the Investor Member would receive if the Property were sold for its Appraised Value. The closing of the sale of the Investor Member's Interest to the Managing Member shall occur within ninety (90) days after the Accountants determine the Buyout Price. Unless otherwise agreed to by the Investor Member, the entire Buyout Price shall be paid by the Managing Member to the Investor Member at the closing in cash or immediately available funds. The Managing Member shall be responsible for the costs of the second appraiser unless the Investor Member and the Managing Member cannot agree on the second appraiser within the fifteen (15) day period for selection of the second appraiser and the Investor Member selects the second appraiser, in which case the Investor Member shall be responsible for the costs of the second appraiser. All other costs associated with the exercise of the Buyout Option, including the costs of the appraiser appointed by the Managing Member, the Accountants' fees and any filing fees, shall be paid by the

Managing Member. Notwithstanding anything to the contrary herein, Investor Member shall bear no costs or expenses associated with the election and/or exercise of the Buyout Option by the Managing Member.

14.02 Put Option

(a) At all times after the end of the Compliance Period, the Investor Member shall have the option to notify the Managing Member in writing of the Investor Member's election to exercise its right to sell the Investor Member's entire Interest in the Partnership to the Managing Member (the "Put") for a purchase price equal to the Appraised Value (the "Put Price"). For the purposes of this Section 14.02, the Appraised Value shall be determined in accordance with the procedure set forth in Section 14.01 above.

(b) The Put shall be exercisable upon at least fifteen (15) days and not more than ninety (90) days prior written Notice to the Managing Member (the "Put Notice"). All reasonable, out-of-pocket costs associated with exercise of the Put shall be paid by the Investor Member. The Company and the Investor Member agree to cooperate to document appropriately the transaction. The Managing Member shall be obligated to pay the Put Price at the closing in cash or immediately available funds.

(c) In the event that the Managing Member seeks to exercise the Buyout Option and the Investor Member seeks to exercise the Put Option before a purchase pursuant to either option has been completed, the Buyout Option shall be exercised if the Buyout Notice is received by the Investor Member before the Put Notice is received by the Managing Member, and the Put Option shall be exercised if the Put Notice is received by the Managing Member before the Buyout Notice is received by the Investor Member (evidence of the date of receipt to be evidenced by return receipt or similar evidence). In the event that the Buyout Notice and Put Notice are received by the Investor Member and the Managing Member, respectively, on the same day, the Put Option shall be exercised.

ARTICLE XV - MISCELLANEOUS PROVISIONS

15.01 Amendments to Agreement

(a) Each Member, including any additional Investor Member and Substitute Investor Member, additional Managing Member, and successor Managing Member shall become a signatory hereto by signing counterpart signature pages to this Agreement or an amendment to this Agreement or by granting a power of attorney to the Managing Member therefor, and by signing any other instrument or instruments deemed necessary by the Managing Member. By so signing, each Member, including any additional Investor Member and Substitute Investor Member, additional State Historic Investor Member, additional Managing Member, or successor Managing Member, as the case may be, shall be deemed to have adopted, and to have agreed to be bound by, all the provisions of this Agreement.

(b) No amendments shall be adopted pursuant to this Section 15.01 unless the adoption of such amendment does not affect the limited liability of the Investor Member

(or the State Historic Investor Member) under the Act or the status of the Company as a partnership for federal income tax purposes, or cause loss or recapture of the Credit for any member that has not transferred its Company Interest.

(c) In making any amendments, there shall be prepared and timely filed for recordation by the Managing Member all documents and certificates required to be prepared and filed under the Act and under the laws of any other jurisdiction in which the Company is then formed or qualified.

(d) The proposal of an amendment may only be made:

(i) By the Managing Member, upon Notice to the Investor Member and the State Historic Investor Member which shall include (A) the text of the amendment and (B) a statement of the purpose of the amendment, such amendment will not affect the limited liability of the Investor Member, such amendment will not adversely affect the classification of the Company as a partnership for federal income tax purposes, and such amendment will not result in any loss or recapture of the Credit or loss of future anticipated Credit reflected in the Projections (or, if they have been prepared, the Revised Projections) for any Member that has not transferred its Company Interest.

(ii) By the Investor Member or the State Historic Investor Member, upon Notice to the Managing Member which shall include (A) the text of such amendment and (B) a statement of the purpose of the amendment, and such amendment will not adversely affect the classification of the Company as a partnership for federal income tax purposes.

(e) Within thirty (30) days after Notice is given pursuant to Section 15.01(d), each Member shall consent to or reject, in writing, the proposed amendment. Amendments to this Agreement shall become effective only upon the Consent of the Managing Member and the Consent of the Investor Member unless such Consent has been given under the terms of this Agreement. The Consent of the State Historic Investor Member shall be required only if such Amendment negatively affects the rights of the State Historic Investor Member or negatively affects the State Historic Credits. Consent may be withheld in the sole discretion of any Member.

15.02 Notices

All Notices to be given under this Agreement shall be sent to the Persons shown on Exhibit A-5. Any Member may change its Notice address by providing Notice thereof to all other Members.

15.03 Meetings of the Company

(a) Meetings of the Company may be called by the Managing Member or by the Investor Member for any matters upon which the Members may vote, as set forth in this Agreement. The calling of a meeting shall be made:

(b) By the Managing Member, which shall give Notice to the Investor Member, which Notice shall include (i) a statement of the purposes of the meeting, and (ii) the date of the meeting which shall be a date no fewer than fifteen (15) days and no more than thirty (30) days after the date of the Notice;

By the Investor Member, which shall give Notice to the Managing Member, which Notice shall include a statement of the purposes of the meeting. No more than fifteen (15) days after receipt of such Notice, the Managing Member shall provide Notice of the meeting to the Investor Member in accordance with Section 15.03(a).

15.04 Action for Breach

The representations, warranties, covenants, agreements, and duties of the Managing Member contained in this Agreement are being made in order to induce, and in consideration of, the Investor Member's and the State Historic Investor's acquisition of their respective Interests. Upon the material breach of any representation, warranty, covenant, agreement, or duty, the Investor Member, if decided by Consent of the Investor Member, may pursue any available legal or equitable remedy against the Managing Member without being required to dissolve the Company and notwithstanding the availability of any other remedy, provided, however, that any monetary damages recoverable from the Managing Member with respect to damages relating to the Credit Adjuster Payments or Operating Deficit Loans shall be limited as provided in this Agreement.

15.05 Consent and Voting

No vote or Consent of the Investor Member and/or the State Historic Investor Member shall ever be construed to make the Investor Member and/or the State Historic Investor Member liable as a general partner or cause the Investor Member and/or the State Historic Investor Member to be liable for Company obligations.

15.06 Survival of Representations

All representations, warranties, and indemnifications contained herein shall survive the dissolution and final liquidation of the Company.

15.07 Entire Agreement

This Agreement contains the entire understanding between and among the parties and supersedes any prior understandings and agreements between and among them respecting the subject matter of this Agreement.

15.08 Applicable Law

It is the intention of the parties hereto that all questions with respect to the construction, enforcement, and interpretation of this Agreement and the rights and liabilities of the parties hereto shall be determined in accordance with the laws of the Commonwealth of Virginia without regard to principles of conflicts of laws.

15.09 Severability

This Agreement is intended to be performed in accordance with, and only to the extent permitted by, all applicable statutes, laws, ordinances, rules, and regulations. If any provision of this Agreement or the application thereof to any Person or circumstance shall, for any reason and to any extent, be invalid or unenforceable, the remainder of this Agreement and the application of such provision to other Persons or circumstances shall not be affected thereby, but rather shall be enforced to the greatest extent permitted by law. In the event that any provision of this Agreement or the application thereof shall be invalid or unenforceable, the Members agree to negotiate (on a reasonable basis) a substitute valid or enforceable provision providing for substantially the same effect as the invalid or unenforceable provision.

15.10 Binding Effect

When entered into by the parties hereto, this Agreement is binding upon, and inures to the benefit of, the parties hereto and their respective spouses, heirs, executors and administrators, personal and legal representatives, successors and assigns.

15.11 Counterparts

This Agreement and any amendments hereto 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.

15.12 Successor Statutes and Agencies

Any reference contained in this Agreement to specific statutory or regulatory provisions or to specific governmental agencies or entities shall include any successor statute or regulation, or agency or entity, as the case may be.

15.13 No Implied Waiver

No failure on the part of any Member to exercise, and no delay in exercising, any right under this Agreement shall operate as a waiver thereof; nor shall any single or partial exercise of any right under this Agreement preclude any other or further exercise thereof or the exercise of any other right. No term or provision of this Agreement shall be deemed waived and no breach excused unless such waiver or excuse shall be in writing and signed by the party claimed to have so waived or excused.

15.14 Incorporation by Reference

Each document attached hereto as an exhibit is incorporated herein by reference and an occurrence of a default under an exhibit hereto shall constitute a default under this Agreement.

Signature Page

MILLER MANAGING MEMBER, LLC
Managing Member

By: _____
Name: Richard W. Gregory
Title: Authorized Representative

MILLER I & II, LLC
FIRST AMENDED AND RESTATED OPERATING AGREEMENT

Signature Page

Miller Lofts SCP, LLC
State Historic Investor Member

By; Miller Managing Member, LLC

By: _____
Name: Richard W. Gregory
Title: Authorized Representative

MILLER I & II, LLC

Exhibit A

MEMBERS; PERCENTAGE INTERESTS;
CAPITAL CONTRIBUTION COMMITMENTS

	Percentage Interests	Capital Contributions*
Managing Member	0.10%	$1,000
Investor Member	98.9%	$11,867,012
State Historic Investor Member	1.00%	$4,122,707
TOTALS	100%	$15,990,719

*The Capital Contribution of the Investor Member will be paid in Installments as described on Exhibit A-1. The Capital Contribution of the State Historic Investor Member will be paid in Installments as described on Exhibit A-1(a). Each Additional Capital Contribution is due on the later of the scheduled due date or five (5) days after receipt and approval by the Investor Member and/or State Historic Investor Member of an Additional Capital Contribution Notice given by the Managing Member, including the Notice Certifications in substantially the form attached as Exhibit A-7, in accordance with Section 3.02(c). In addition, the Capital Contributions are subject to reduction or increase as provided in this Agreement.

Low-Income Housing Tax Credit Application For IRS Form 8609

	VHDA DEAL #	2066

I. General Information

All code "Section" references are to, and the term "IRC" shall be deemed to mean, the Internal Revenue Code of 1986, as amended.

6/28/17 (Date of Application)

A. Development Name and Location:

1. Name of Development: Carlton Views I
2. Address of Development: 1337 Carlton Avenue (Address 1) ; (Address 2)
   Charlottesville (City) ; VA (State) ; 22902 (Zip Code)
3. The Circuit Court Clerk's office in which the deed to the property is or will be recorded:
   City/County of: Charlottesville City
4. The site overlaps one or more jurisdictional boundaries…… FALSE
   If true, what other City/County is the site located in besides the one mentioned above?
5. Census Tract the development is located in: 4.02
   This is a **Qualified Census Tract**…… FALSE
6. This development is located in a **Difficult Development Area**……. FALSE If False, applicant may request that the property be treated as if it is located in a DDA. Do you wish to make that request?..... (Note: This provision is NOT applicable to tax exempt bond deals.)
7. This development is located in a **Revitalization Area**……..… FALSE
8. This development is an existing RD or HUD S8/236 development…… FALSE

   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 and/or rehabilitation, or obtain a waiver of this requirement from VHDA prior to application submission to receive these points.

   a. Applicant agrees to waive all rights to any developer's fee or other fees associated with acquisition and/or rehab…… FALSE
   b. Applicant has obtained a waiver of this requirement from VHDA prior to the application submission deadline…….. FALSE
9. The development is located in a census tract with a poverty rate <10% with no tax credit units currently present?..... TRUE
10. The development is listed on the RD 515 Rehabilitation Priority List?..... FALSE
11. The development is a scattered site development…….. FALSE

B. Credit Request

1.	Total annual credit amount request	$695,000.00
2.	Credits requested from:	
	a. If requesting **Tax Exempt Bonds**, select development type:	Select TE Development Type below: N/A
	or	
	b. If requesting **9% Credits,** select credit pool:	Select 9% Credit Pool below:

3	**Select Building Allocation type:**	Select Building Allocation Type below: New Construction

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

II. OWNERSHIP INFORMATION

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

A. Owner Information:

Must be an individual or legally formed entity

Name: Carlton Views I, LLC

Contact Person First: Richard Middle Initial: W Last: Gregory

Address: 7 East 2nd Street (Street)

Richmond (City) VA (State) 23224 (Zip Code)

Federal I.D. No.:

Phone: (804) 920-5435 Ext.: Fax: (100) 000-0000 **Email address**: rgregory@fhrva.com

Select type of entity: Limited Liability Company

Principals should not have changed without prior notice to VHDA. Please indicate any changes below:

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

Names **	Phone	Type Ownership	% Ownership
Richard Gregory			45.00%
Thomas Papa			45.00%
Piedmont Housing Alliance			10.00%
			0.00%
			0.00%
			0.00%
			0.00%

This should be 100% of the GP or LLC member interest: 100.00%

** These should be the names of individuals who comprise the GP or LLC members, not simply the names of separate partnerships or corporations which may comprise those components.

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

9. that the requirements for applying for the credits and the terms of any reservation or allocation thereof are subject to change at any time by federal or state law; federal, state or VHDA regulations; or other binding authority.

10. 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 nonrefendable application fee and a nonrefundable reservation fee.

11. that a true, exact, and complete copy of this application, including all supporting documentation enclosed herewith, has been provided to the tax attorney who has provided the required attorney's opinion (if one has been requested by VHDA), and

12. that the applicant 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 applicant hereby authorizes the Housing Credit Agencies of states in which these projects are located to share compliance information with the Authority.

13. 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 applicant may refuse to supply the information requested, however, such refusal will result in VHDA's inability to process the application. This application may be retained by VHDA even if tax credits are not allocated to the applicant.

In Witness Whereof, the undersigned, being authorized, has caused this document to be executed in its name on this day 6/28/2017

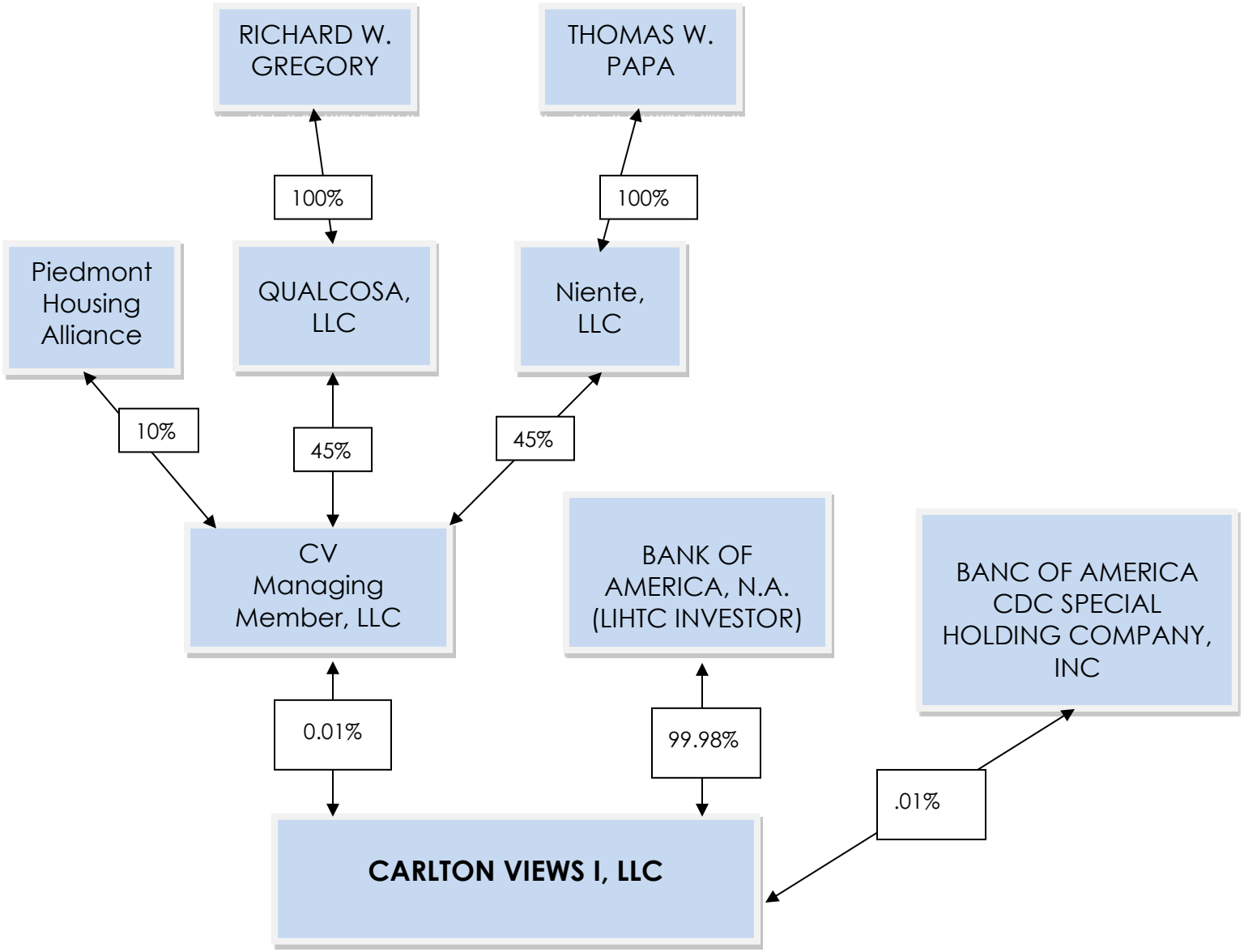
Legal Name of Owner: Carlton Views I, LLC

By: _____

Its: Manager
(Title)

CARLTON VIEWS I, LLC

Organizational Chart



CARLTON VIEWS I, LLC

AMENDED AND RESTATED OPERATING AGREEMENT

Dated as of March 7, 2016

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CARLTON VIEWS I, LLC

AMENDED AND RESTATED OPERATING AGREEMENT dated as of March 7, 2016 among CV MANAGING MEMBER, LLC, a Virginia limited liability company, as Managing Member (the Managing Member); BANK OF AMERICA, N.A., a national banking association, as Investor Member (the Investor Member); and BANC OF AMERICA CDC SPECIAL HOLDING COMPANY, INC., a North Carolina corporation, as Special Member (the Special Member).

Preliminary Statement

The Company was formed as a limited liability company under the Uniform Act pursuant to an Operating Agreement dated as of September 18, 2014, (the Original Operating Agreement) and an Articles of Organization dated as of September 18, 2014 (the Certificate) filed with the Office of the Secretary of State of the Commonwealth of Virginia (the Filing Office) on September 18, 2014.

The purposes of this amendment to, and restatement of, the Original Operating Agreement are to (i) admit the Investor Member and the Special Member as Members; and (ii) to set out more fully the rights, obligations and duties of the Members.

Now, therefore, it is agreed and certified, and the Original Operating Agreement is hereby amended and restated in its entirety, as follows:

ARTICLE I

DEFINED TERMS

The defined terms used in this Agreement shall have the meanings specified below:

Accountants means Biegler & Associates or any other firm of certified public accountants as may be engaged by the Managing Members with the Consent of the Investor Member.

Adjusted Aggregate Federal Low Income Tax Credit Amount means the product of (i) 99.99% and (ii) the aggregate amount of Federal Low Income Tax Credits that is determined by the Accountants, at Cost Certification, to be available to the Property (and is reflected in the final IRS Form(s) 8609 for the Property) for the entire Credit Period, as such amount may be increased or decreased as a result of a subsequent determination by the Accountants, a Final Determination or a Recapture Event.

Admission Date means the date on which the Investor Member is admitted to the Company pursuant to Section 13.8.

Adverse Consequences means (i) all damages, dues, penalties, fines, costs, reasonable amounts paid in settlement, liabilities, obligations, taxes, liens, losses, expenses and fees, including court costs and reasonable attorneys fees and expenses actually paid or to be paid, by the party

suffering the Adverse Consequences in connection with any and all actions, suits, proceedings, hearings, investigations, charges, complaints, claims, demands, injunctions, judgments, orders, decrees, and rulings and (ii) the costs of any reasonable and actual fees or other compensation to third parties reasonably required in connection with replacement of a Managing Member.

Affiliate means, when used with reference to a specified Person: (i) any Person that, directly or indirectly, through one or more intermediaries, controls or is controlled by or is under common control with the specified Person; (ii) any Person that is an officer of, partner in, or trustee of, or serves in a similar capacity with respect to the specified Person or of which the specified Person is an officer, partner, or trustee, or with respect to which the specified Person serves in a similar capacity; (iii) any Person that, directly or indirectly, is the beneficial owner of, or controls, 10% or more of any class of equity securities of, or otherwise has a substantial beneficial interest (10% or more) in, the specified Person, or of which the specified Person is directly or indirectly the owner of 10% or more of any class of equity securities, or in which the specified Person has a substantial beneficial interest (10% or more); and (iv) any relative or spouse of the specified Person. Affiliate of the Company or a Managing Member does not include a Person who is a partner in a partnership or joint venture with the Company unless that Person is an Affiliate of the Company or Managing Member.

After-Tax Basis means with respect to any payment to be received by a Person (or, in the case of a passthrough entity, the partners or members of such Person), the amount of such payment supplemented by a further payment or payments so that, after deducting from such payments the amount of all Taxes (net of any current credits, deductions or other tax benefits arising from the payment by such Person (or its partners or members) of any amount, including Taxes, for which the payment to be received is made) imposed currently on such Person by any Governmental Authority or other taxing authority with respect to such payments, the balance of such payments shall be equal to the original payment received; *provided*, *however*, for the purposes of this definition, and for purposes of any payment to be made to a Person (or its partners or members) on an After-Tax Basis, it shall be assumed that federal, state and local taxes are payable at the actual marginal federal and state statutory income tax rate (taking into account the deductibility of state income taxes for federal income tax purposes) applicable to such Person.

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

Appraised Value means, as of the Determination Date, the estimated fair market value of an asset determined by an Independent Appraiser in accordance with the procedures set forth in Section 7.7F. In determining the Appraised Value of the real estate comprising the Property, such Independent Appraiser shall take into account the rent and occupancy restrictions affecting the Project, which are set forth in the Code or in the Project Documents, as well as any increase in real estate taxes which is triggered by the removal of a Managing Member.

Architect means Walter PARKS, Architect, PLLC, a Virginia professional limited liability company, and its successors.

Asset Management Fee means an annual fee payable to the Special Member equal to $5,000 per year, earned on an annual basis, beginning on the first day of the first month following

Permanent Mortgage Commencement (with a pro-rata share of such fee earned for any partial calendar year). The Asset Management Fee is payable solely from available Cash Flow and proceeds of a Capital Transaction as provided in Section 10.1A and 10.1B and shall accrue, without interest, until there is sufficient cash available to pay accrued Asset Management Fee as set forth in Section 10.1A and 10.1B.

Assignment shall mean any assignment, transfer or sale, and the words *assign, assignee* and *assignor* shall have correlative meanings, except in each case where the sense of this Agreement requires a different construction.

Builder means KBS, Inc., a Virginia corporation, and its successors.

Building or Buildings means the one (1) building to be located on the Land which will contain 54 dwelling units upon completion of construction.

Capital Account means, with respect to any Member, the Capital Account maintained by the Company with respect to such Member, consisting of (i) the amount of cash such Member has contributed to the Company *plus* (ii) the fair market value of any property such Member has contributed to the Company net of liabilities assumed by the Company or to which such property is subject *plus* (iii) the amount of profits and tax-exempt income allocated to such Member *less* (iv) the amount of losses allocated to such Member *less* (v) the amount of all cash distributed to such Member *less* (vi) the fair market value of any property distributed to such Member net of liabilities assumed by such Member or to which such property is subject *less* (vii) such Member s share of any other expenditures which are not deductible by the Company for federal income tax purposes or which are not allowable as additions to the basis of Company property, and subject to such other adjustments as may be required under the Code.

Capital Contribution means the total amount of cash contributed or agreed to be contributed to the Company by each Member as shown in the Schedule. Any reference in this Agreement to the Capital Contribution of a then Member shall include a Capital Contribution previously made by any prior Member in respect to the Company interest of such then Member. The term Capital Contribution shall include any Special Capital Contribution.

Capital Transaction means any transaction the proceeds of which are not includable in determining Cash Flow, including without limitation the sale, refinancing or other disposition of all or substantially all of the assets of the Company, but excluding loans to the Company (other than a refinancing of any Mortgage Loan) and contributions of capital to the Company by the Members.

Carryover Allocation means the 2015 Low-Income Housing Tax Credit Carryforward Allocation Agreement entered into by and between the Credit Agency and the Company with an effective date of and executed on December 16, 2015, providing for an allocation of 2015 Tax Credits to the Project in the annual amount of $695,000.

Cash Available for Debt Service Requirements means, for any specified period of consecutive months beginning not earlier than the Completion Date, the excess of (i) all Cash Receipts during such period over (ii) all cash requirements of the Company properly allocable to such period of time on an accrual basis (not including distributions or fees to Members payable

solely out of Cash Flow of the Company) and, on an annualized basis, all projected expenditures, including those of a seasonal nature which might reasonably be expected to be incurred on an unequal basis during a full annual period of operation, as determined by the Accountants but specifically excluding Debt Service Requirements. For purposes of this definition, cash requirements of the Company shall include to the extent not otherwise covered above, full funding of reserves (as and when required), normal repairs and necessary capital.

Cash Flow means the excess of Cash Receipts over Operating Expenses. Cash Flow shall be determined separately for each Fiscal Year or portion thereof.

Cash Receipts means with respect to a Fiscal Year or other applicable period, all rental revenue, laundry income, parking revenue, and other incidental revenues which are received by the Company on a cash basis during such period and arise from normal operations of the Project but specifically including interest on Company reserves, proceeds from insurance (other than business or rental interruption insurance), loans, proceeds of a Capital Transaction or Capital Contributions. In addition, any amount released without restriction from any escrow account in a Fiscal Year shall be considered a cash receipt of the Company for such Fiscal Year.

Certificate means the certificate of organization of the Company under the Uniform Act, as amended from time to time in accordance with the terms hereof and the Uniform Act.

City means the City of Charlottesville, Virginia.

Code means the Internal Revenue Code of 1986, as amended from time to time, and the Treasury Regulations promulgated thereunder at the time of reference thereto.

Company means the limited liability company governed by this Agreement as said limited liability company may from time to time be constituted.

Company Counsel means SRH Law PLLC of Richmond, Virginia or such other counsel as the Managing Members may designate from time to time as counsel for the Company.

Company Management Agreement means the Company Management Agreement between the Company and the Managing Member pursuant to which the Managing Member is to provide certain management services to the Company.

Company Management Fee means the fee payable from time to time by the Company to the Managing Member for its management services to the Company pursuant to the Company Management Agreement.

Completion Date means the latest of: (i) the date on which the Investor Member shall have received copies of all requisite certificates or permits permitting occupancy of 100% of the Units in the Project as issued by each Governmental Agency having jurisdiction; *provided*, *however*, that if such certificates or permits are of a temporary nature, the *Completion Date* shall not be deemed to have occurred provided that the work remaining to be done is of a nature which would not impair the permanent occupancy of any of such Units; (ii) the date as of which the Construction Inspector certifies that the work to be performed by the Builder under the Construction Contract is substantially complete, subject only to punch list items not in excess of

$75,000 in the aggregate, and that such work has been performed in a good and workmanlike manner in accordance with applicable requirements of all Governmental Authorities having jurisdiction over the Project and the Construction Documents; (iii) the Builder has delivered a lien waiver with respect to work performed and/or materials supplied through the Completion Date and for which it has been paid to date, and (iv) environmental remediation of the Property, if any, has been completed in accordance with the requirements of any Governmental Authority having jurisdiction over the Project. Any representation by any Managing Member under this Agreement that the Completion Date has occurred shall be subject to confirmation by the Investor Member pursuant to a physical inspection of the Property; *provided*, *however*, that in the event that the Investor Member does not make such physical inspection of the Property within fifteen (15) business days after having received any such Managing Member s representation, then the Investor Member will be deemed to have waived the physical inspection requirement. All objections to Investor Member s confirmation of Completion Date must be commercially reasonable, and shall be delivered in writing to the Managing Member, who will work in good faith and within a reasonable time to cure such objections made by the Investor Member.

Compliance Period means the entire period during which the compliance period described in Section 42(i)(1) of the Code shall be applicable to any Building.

Condemnation Awards means any and all judgments, awards of damages (including severance and consequential damages), payments, proceeds, settlements, amounts paid for a taking in lieu of condemnation of the Property, or other compensation heretofore or hereafter made, including interest thereon, and the right to receive the same, as a result of, or in connection with, any condemnation or threatened condemnation of the Property.

Consent of the Investor Member means the prior written consent or approval of the Investor Member, or, if at any time there is more than one Investor Member, the prior written consent or approval of at least 51% in interest of the Investor Members.

Construction Contract means the construction contract between the Company and the Builder providing for the construction of the Improvements, as amended from time to time.

Construction Documents means the Construction Contract, including, without limitation, the general conditions, project manual (including general requirements and technical specifications, drawings or sketches), the Plans and Specifications, and any addenda thereto, together with all trade contracts pursuant to which construction of the Improvements will be accomplished.

Construction Inspector means the Person performing construction review services for the Construction Lender, or such other Person designated from time to time by the Investor Member. At any time that the Construction Lender is the Investor Member or an Affiliate thereof, then the Construction Inspector will be the Person designated by the Construction Lender to perform the acts described in the preceding sentence.

Construction Lender means Bank of America, N.A. as maker of the Construction Loan, together with its successors and assigns in such capacity.

Construction Loan means the construction loan in the amount of up to $6,530,413 made by the Construction Lender to the Company, which loan has a term of 24 months (subject to a 6-month extension) and bears interest at a fluctuating rate of interest per annum equal to the LIBOR Daily Floating Rate (as such term is defined in the Construction Loan Note) for that day plus three hundred (300) basis points.

Construction Loan Agreement means the agreement by and between the Construction Lender and the Company which sets forth the terms and conditions upon which the Construction Loan is being made to the Company, including the automatic subordination of the Construction Loan to the First Mortgage Loan.

Construction Loan Documents means the Construction Loan Agreement, Construction Loan Mortgage, Construction Loan Note and all other documents evidencing and securing the Construction Loan or otherwise entered into connection therewith.

Construction Loan Mortgage means the first-priority deed of trust securing the obligations of the Company under the Construction Loan Note, which deed of trust will be subordinated to the First Mortgage Loan upon the closing and funding of the First Mortgage Loan.

Construction Loan Note means the promissory note in the original principal amount of $6,530,413 executed by the Company in favor of the Construction Lender as evidence of its obligation to repay the Construction Loan.

Consumer Price Index means the Consumer Price Index for All Urban Consumers, All Cities, for All Items (base 1982-84 = 100) published by the United States Bureau of Labor Statistics. In the event such index is not in existence when any determination relying on such index under this Agreement is to be made, the most comparable governmental index published in lieu thereof shall be substituted therefor.

Controlling Managing Member means any Controlling Managing Member designated as provided in Section 6.3B.

Cost Certification means the submission to, and acceptance by, the Credit Agency of a certified audit by the Accountants of the Company s development and related costs for purposes of establishing the amount of Federal Low Income Tax Credits available to the Project. A draft of the audit described in the preceding sentence shall be submitted to the Investor Member for approval prior to submission to the Credit Agency.

Credit Agency means the VHDA.

Credit Period means the entire period during which the credit period described in Section 42(f)(1) shall be applicable to any Building.

Credit Reservation means the Credit Reservation issued by the Credit Agency on December 16, 2015 providing for a conditional reservation of 2015 Tax Credits to the Project in the annual amount of $695,000.

Debt Service Coverage Ratio means, for any specified period of consecutive calendar months beginning not earlier than the Completion Date, a fraction, the numerator of which is the Cash Available for Debt Service Requirements with respect to such period and the denominator of which is the Debt Service Requirements for such period. The achievement by the Company of a specified Debt Service Coverage Ratio shall be confirmed by the Accountants and shall be subject to independent confirmation by the Investor Member pursuant to a physical inspection of the Property for the purpose of confirming that the Property is in good condition and repair (ordinary wear and tear excepted); *provided*, *however*, that (i) no objection by the Investor Member to the determination of the Accountants based on its physical inspection of the Property shall be valid unless the Managing Members are notified of such objection, and the specific reasons therefor, within seven (7) business days following the completion of such inspection and (ii) in the event that the Investor Member does not make such physical inspection of the Property within fifteen (15) business days after having received the Accountants determination letter, then the Investor Member will be deemed to have waived the physical inspection requirement.

Debt Service Requirements means, for any specified period of consecutive calendar months beginning not earlier than the Completion Date, all debt service, mortgage insurance premium and/or other cash requirements imposed by the First Mortgage Loan Documents and the HOME Loan Documents or any other indebtedness properly allocable to such period of time on an annualized accrual basis as determined by the Accountants.

Deferred Development Fee has the meaning attributed thereto in the Development Agreement.

Designated Prime Rate means the annual rate of interest which is at all times equal to the lesser of (i) the highest prime rate as published in the *Wall Street Journal* (or any comparable publication selected by the Investor Member in its reasonable discretion if the *Wall Street Journal* ceases to publish such index), with calculations of interest to be made on a daily basis and on the basis of a three hundred sixty (360)-day year and (ii) the maximum rate permitted by law in the applicable context.

Designated Proceeds means the proceeds of the Mortgage Loans, any net rental or other miscellaneous income of the Company as of the Completion Date (to the extent not otherwise covered by this Designated Proceeds definition) which is permitted by any applicable Lender or Governmental Agency to be utilized for Development Costs, the Capital Contributions (excluding any Special Capital Contributions and Capital Contributions of the Managing Members in excess of the amounts permitted under Section 4.1), and any insurance proceeds arising out of casualties prior to the Development Obligation Date.

Determination Date means the last day of the month preceding the month in which the Removal Notice Date occurs.

Developer means CV Developer, LLC, a Virginia limited liability company.

Development Advances has the meaning set forth in Section 6.7.

Development Agreement means the Development Agreement of even date herewith between the Company and the Developer, as amended.

Development Amount has the meaning attributed thereto in the Development Agreement.

Development Costs means all costs (including the Development Amount net of the Deferred Development Fee) incurred to (i) acquire the Land, (ii) complete the construction of the Improvements 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 equip the Improvements or cause the same to be equipped, all substantially in accordance with the Project Documents and the drawings and specifications forming a part of the Construction Contract, (iii) arrive at Final Closing in substantial conformity with the Project Documents, (iv) discharge all Company liabilities and obligations arising out of any casualty giving rise to the receipt of insurance proceeds, (v) pay or provide for all other payments, expenses, escrows or reserves required by this Agreement or by any Lender, Governmental Agency or Company creditor to be made, incurred or funded through the Development Obligation Date (other than Operating Expenses incurred through the Development Obligation Date and reserves which are to be funded from other sources) and (vi) pay all Environmental Compliance Costs and all costs associated with the performance of any radon remediation activities which may be required pursuant to Section 12.1G.

Development Deficit Loan has the meaning set forth in Section 6.7.

Development Obligation Date means the latest to occur of (i) three (3) consecutive calendar months of not less than 93% occupancy of the Units, (ii) the Completion Date, (iii) the Initial Occupancy Date, (iv) Final Closing, and (v) delivery of the Certificate of Achievement of Development Obligation Date in the form attached to **Exhibit L**.

DHCD means the Virginia Department of Housing and Community Development.

Disqualifying Event means a material event or circumstance relating to the Company or Project which, unless cured, would give rise to a flag affecting Bank of America, N.A. or its Affiliates under the HUD previous participation certification system or any comparable previous participation qualification system maintained by any other jurisdiction and which would adversely impact the ability of Bank of America, N.A. or its Affiliates to participate in properties utilizing federal, state or local subsidized housing programs. Without limitation of the foregoing, if the Company shall be subject to regulation by HUD, the determination by HUD that the Project has failed to satisfy HUD s minimum standards for physical condition (under current practice, receipt of a HUD REAC inspection score of under 31) and other conditions under which a flag could be placed on the Project pursuant to HUD Notice H-2011-24, issued September 13, 2011, shall be deemed an event described in the preceding sentence.

Document Schedule means the Related Agreements identified in **Exhibit B**.

Economic Risk of Loss has the meaning set forth in Treasury Regulation Section 1.752-2.

Election Notice has the meaning given to it in Section 5.3B.

Eligible Basis has the meaning set forth in Section 42(d) of the Code and the Treasury Regulations thereunder.

Entity means any general partnership, limited partnership, limited liability company or partnership, corporation, joint venture, trust, business trust, cooperative or association.

Environmental Compliance Costs means all costs necessary to bring the Land and the Project into compliance with all Hazardous Waste Laws.

Environmental Reports means the environmental reports listed in **Exhibit I**.

Event of Bankruptcy means, as to a specified Person:

(i) the entry of a decree or order for relief by a court having jurisdiction in the premises in respect of such Person in an involuntary case under the federal bankruptcy laws, as now or hereafter constituted, or any other applicable federal or state bankruptcy, insolvency or other similar law, or appointing a receiver, liquidator, assignee, custodian, trustee, sequestrator (or similar official) of such Person or for any substantial part of his property, or ordering the winding-up or liquidation of his affairs and the continuance of any such decree or order unstayed and in effect for a period of ninety (90) consecutive days; or

(ii) the commencement by such Person of a voluntary case under the federal bankruptcy laws, as now constituted or hereafter amended, or any other applicable federal or state bankruptcy, insolvency or other similar law, or the consent by him to the appointment of or taking possession by a receiver, liquidator, assignee, trustee, custodian, sequestrator (or similar official) of such Person or for any substantial part of his property, or the making by him of any assignment for the benefit of creditors, or the failure of such Person generally to pay his debts as such debts become due, or the taking of action by such Person in furtherance of any of the foregoing; or

(iii) in the case of a Person who is a Managing Member, the voluntary withdrawal of such Person as a Managing Member in violation of the terms of this Agreement.

Expense Reimbursement Contribution means a Special Capital Contribution in the amount of the actual legal and other professional costs of the Investor Member incurred in connection with the Investor Member s admission to the Company, in an amount up to $85,250. The Investor Member will make the Expense Reimbursement Contribution concurrent with the payment of the First Installment of its Capital Contribution. The proceeds of the Expense Reimbursement Contribution will be immediately disbursed by the Company to pay or to reimburse such expenses of the Investor Member.

Extended Use Agreement means the Extended Use Regulatory Agreement and Declaration of Restrictive Covenants dated December 16, 2014 between the Credit Agency and the Company respecting long-term use restrictions and satisfying all of the requirements of Section 42(h)(6) of the Code, recorded October 30, 2015 in the Clerk s Office, Circuit Court, City of Charlottesville, Virginia as Instrument No. 00004046, as amended by the Amendment to Extended Use Regulatory Agreement and Declaration of Restrictive Covenants dated as of February 29, 2016, between the Credit Agency and the Company, which will be timely recorded in the Clerk s Office, Circuit Court, City of Charlottesville, Virginia.

Federal Low Income Tax Credits means the tax credits for which the Project is eligible under Section 42 of the Code.

Fifty Percent Completion Date means the date as of which the Construction Inspector certifies that the work to be performed by the Builder under the Construction Contract is 50% complete (based on the ratio of the cost of completed items under the Construction Contract to the total Construction Contract amount, taking into account change orders and other revisions, as of the date of such certification). Any representation by the Managing Member under this Agreement that the Fifty Percent Completion Date has occurred shall be subject to confirmation by the Investor Member or the Construction Inspector pursuant to a physical inspection of the Property; provided, however, that in the event that the Investor Member or the Construction Inspector does not make such physical inspection within fifteen (15) business days after having received such Managing Member s representation, then the Investor Member shall be deemed to have waived the physical inspection requirement.

Final Closing means the date upon which all of the following events have occurred: (i) the Completion Date and receipt of the final (non-temporary) certificates of occupancy permitting occupancy of 100% of the Units in the Project, (ii) Permanent Mortgage Commencement, (iii) the Project s being free of any mechanics or other liens (except for the Mortgages, tax liens relating to taxes not yet due and payable and other liens either bonded against in such a manner as to preclude the holder thereof from having any recourse to the Project or the Company for payment of any debt secured thereby or affirmatively insured against (in such manner as precludes recourse to the Company for any loss incurred by the insurer) by the Title Policy or by another policy of title insurance issued to the Company by a reputable title insurance company in an amount satisfactory to Investor Tax Counsel in its reasonable discretion (or by an endorsement of either such title policy)), (iv) a draft Cost Certification has been prepared by the Accountants and provided to the Investor Member for review, (v) the disbursement of proceeds under the Mortgage Loans has been made in the full amount permitted by such Cost Certification, (vi) delivery to the Investor Member of permanent Mortgage Loan Documents in form and substance reasonably acceptable to the Investor Member (to the extent not previously delivered in connection with Investment Closing), (vii) all amounts due in connection with the construction of the Project have been paid or provided for, including payment of all expenses associated with completing any punch list items outstanding as of the Completion Date, (viii) the date of delivery to the Investor Member of an ALTA as-built survey sufficient to allow delivery of a date-down endorsement to the Title Policy without a survey exception and otherwise in compliance with the requirement of Section 6.5A(viii), (ix) delivery of a date-down endorsement without a survey exception and a new zoning endorsement that insures against losses to improved property (ALTA Form 3.1 or comparable state-specific form), and (x) the full funding of any reserves required under the Mortgage Loan Documents and this Agreement.

Final Determination means the earliest to occur of (i) the date on which a decision, judgment, decree or other order has been issued by any court of competent jurisdiction, which decision, judgment, decree or other order has become final (i.e., all allowable appeals requested by the parties to the action have been exhausted), (ii) the date on which the Service has entered into a binding agreement with the Company with respect to such issue or on which the Service has reached a final administrative determination with respect to such issue which, whether by law or agreement, is not subject to appeal, (iii) the date on which the time for instituting a claim for refund

has expired, or if a claim was filed the time for instituting suit with respect thereto has expired, or (iv) the date on which the applicable statute of limitations for raising an issue regarding a federal income tax matter with respect to the Company has expired.

Final Tax Credit Amount means the amount of Federal Low Income Tax Credits determined by the Accountants promptly following the receipt of Form 8609 with respect to the Project and prior to the Third Installment based on all information available at such time including, but not limited to, the Cost Certification prepared by the Accountants in connection with obtaining Form 8609.

First Full Credit Year means the first calendar year with respect to which the Company actually receives the full (twelve-month) amount of Federal Low Income Tax Credits then reasonably anticipated with respect to all Buildings constituting the Project.

First Mortgage Lender means the VHDA.

First Mortgage Loan means the permanent loan in the amount of at least $2,000,000 made by the First Mortgage Lender to the Company, with a term and amortization of 30 years, and bearing interest at the all in rate of 3.263%. A portion of the proceeds ($1,800,000) of the First Mortgage Loan are funded from the proceeds of the Sponsoring Partnerships and Revitalizing Communities (SPARC) Program and/or the REACH *Virginia* Program, and accrues interest at a rate of 2.95%. The remainder of the proceeds ($200,000) are funded from the proceeds of taxable bonds, which portion was fixed effective as of March 3, 2016, by agreement with the VHDA, at the rate of 5.836%. The Members expect that the First Mortgage Loan will be made to the Company after its receipt of certificates permitting occupancy of 100% of the Units, while the Construction Loan is still outstanding and prior to the payment of the Investor Member s Fifth Installment of its Capital Contribution to the Company. At such time, the Construction Loan will be automatically subordinated to the First Mortgage Loan, pursuant to the terms and conditions of the Construction Loan Agreement and the Construction Loan Mortgage.

First Mortgage Loan Commitment means the Amended and Restated Mortgage Loan Commitment Conventional Multi-family Rental Housing Development by the VHDA and accepted by the Company as of February 22, 2016.

First Mortgage Loan Documents means the First Mortgage Loan Commitment, First Mortgage Loan Mortgage, First Mortgage Loan Note, and all other documents evidencing and securing the First Mortgage Loan or otherwise entered into connection therewith.

First Mortgage Loan Mortgage means the first-priority deed of trust securing the obligations of the Company under the First Mortgage Loan Note.

First Mortgage Loan Note means the promissory note or notes in the original principal amount, in the aggregate, of $2,000,000 executed by the Company in favor of the First Mortgage Lender as evidence of its obligation to repay the First Mortgage Loan.

Fiscal Year means the twelve-month period, which begins on the first day of January and ends on the thirty-first day of December of each calendar year (or ends on the date of final dissolution for the year in which the Company is wound up and dissolved).

Forms 8609 Receipt Date means the date on which the Company has received properly executed IRS Forms 8609 with respect to the Buildings constituting the Project and delivered copies thereof to the Investor Member.

Governmental Agency means, as applicable, HUD, the Credit Agency, and/or any other government agency having jurisdiction over the particular matter to which reference is being made.

Guarantors means, jointly and severally, Richard W. Gregory and Thomas W. Papa, both individual residents of the Commonwealth of Virginia.

Guaranty Agreement means the joint and several guaranty of even date herewith, made by the Guarantors in favor of the Investor Member.

Hazardous Material means and includes any pollutant or contaminant or any hazardous, toxic or radioactive waste, substance or material, including without limitation those listed in or regulated under any Hazardous Waste Laws, polychlorinated biphenyls, petroleum, petroleum-based or petroleum-derived products, mold, and asbestos or asbestos-containing materials. Notwithstanding any contrary provision of this Agreement, the term Hazardous Material shall not apply to such substances that would otherwise meet such definition as long as (x) the use of such substance in, on or under the Premises is in compliance with all Hazardous Waste Laws and (y) such substance is used in *de minimis* quantities incidental to the operation of the Project.

Hazardous Waste Laws means and includes the Federal Comprehensive Environmental Response, Compensation and Liability Act of 1980; the Resource Conservation and Recovery Act; the Toxic Substances Control Act and any other federal, state or local statutes, ordinances, regulations or by-laws dealing with Hazardous Material, as the same may be amended from time to time and including any regulations promulgated thereunder.

HOME Loan means the permanent loan in the amount of $500,000, to be made by the Managing Member to the Company, which loan has a term of 20 years, and bears interest at the rate of 3%. The HOME Loan will be made from the proceeds of the loan from DHCD to the Managing Member, as described in the HOME Loan Commitment. The Members agree that the HOME Loan will be treated as a grant for federal income tax purposes. The Members expect that the HOME Loan will be made to the Company after its receipt of certificates permitting occupancy of 100% of the Units, while the Construction Loan is still outstanding and prior to the payment of the Investor Member s Fifth Installment of its Capital Contribution to the Company.

HOME Loan Agreement means the HOME Program Agreement by and between the Managing Member and DHCD.

HOME Loan Commitment means the Department of Housing and Community Development HOME Deferred Mortgage Loan and/or Mortgage Loan Commitment, dated March 3, 2016, as amended by the letter from the DHCD to the Managing Member and the Company, dated March 4, 2016, by which the DHCD commits to making a loan to the Managing Member, the proceeds of which the Managing Member will use to make the HOME Loan.

HOME Loan Documents means the HOME Loan Agreement, the HOME Loan Commitment, the HOME Loan Note and all other documents executed and/or delivered in connection with, evidencing or securing the HOME Loan.

HOME Loan Mortgage means the deed of trust securing the obligations of the Company under the HOME Loan Note.

HOME Loan Note means the promissory note in the original principal amount of $500,000 executed by the Company to evidence its obligation to repay the HOME Loan.

HUD means the Department of Housing and Urban Development of the United States of America and its successors.

Improvements means the Buildings and any related facilities to be constructed and/or rehabilitated in accordance with the Project Documents.

Independent Appraiser means a firm which is generally qualified to render opinions as to the fair market value of assets such as those owned by the Company, which is mutually acceptable to the Managing Members and the Special Member and which satisfies the following criteria:

(i) such firm is not a Member, or an Affiliate of the Company or any Member;

(ii) such firm (or a predecessor in interest to the assets and business of such firm) has been in business for at least five (5) years, and at least one of the principals of such firm has been in the active business of appraising substantially similar assets for at least ten (10) years;

(iii) such firm has regularly rendered appraisals of substantially similar assets for at least five (5) years on behalf of a reasonable number of unrelated clients, so as to demonstrate reasonable market acceptance of the valuation opinions of such firm;

(iv) one or more of the principals or appraisers of such firm are members in good standing of an appropriate professional association or group which establishes and maintains professional standards for its members; and

(v) such firm renders an appraisal to the Company only after entering into a contract that specifies the compensation payable for such appraisal.

Initial Economic Projections means the economic projections for the Project attached as **Exhibit J**.

Initial Occupancy Date shall mean the first date upon which not less than 100% of the Low Income Units in the Project have been initially occupied by Qualified Tenants at least one time under bona fide written leases satisfying the requirements of Section 42 of the Code with terms of not less than one year. The achievement of the Initial Occupancy Date shall be confirmed by the Management Agent and certified by the Managing Member with a copy of such confirmation and certification, together with the rent roll and Tenant Income Certifications for

each of the Qualified Tenants, forwarded to the Special Member. The Initial Occupancy Date will be deemed to have been achieved upon written acknowledgment of such confirmation to the Company from the Special Member. The Special Member shall have seven (7) Business Days after receipt of the written confirmation from the Manager and Managing Member to acknowledge or object to the achievement of the Initial Occupancy Date, and the failure to acknowledge or object to the calculation with such seven (7)-Business Day period shall be deemed to be an acceptance of the calculation by the Special Member. All objections must be commercially reasonable, and shall be delivered in writing to the Managing Member, who shall have a reasonable time to cure such objections to the calculations received from the Special Member.

Installment means any Installment of the Capital Contributions of the Investor Member referred to in Section 5.1.

Insurance Proceeds means the insurance claims under and the proceeds of any and all policies of insurance covering the Property or any part thereof, including all returned and unearned premiums with respect to any insurance relating to such Property, in each case whether now or hereafter existing or arising.

Interest , or words of like import, shall mean all the interest of a Member in Cash Flow and other distributions, capital, profits and losses, tax credits, and otherwise in the Company, including all allocations and distributions and all rights under this Agreement, and also shall include such interests and rights of such Member in any successor Entity formed pursuant to this Agreement.

Investment Closing means the date on which this Agreement is delivered by all of the parties hereto.

Investor Member means, initially, Bank of America, N.A., and shall include any other Persons admitted as an Investor Member pursuant to Section 4.6 or admitted as a Substitute Non-Managing Member pursuant to Section 8.2, and their respective successors in such capacity.

Investor Tax Counsel means Holland & Knight LLP of Boston, Massachusetts, or other counsel acceptable to the Investor Member.

Land means the parcels of land on which the Improvements are located in Charlottesville, Virginia, as described in Schedule A of the Title Policy.

Lender means any lender under any Mortgage Loan together with its respective successors and assigns in such capacity.

Low Income Unit means any of the 54 Units in the Project which are to be held for occupancy by the Company in such manner as to qualify such units as qualified low-income housing units under Section 42(i)(3) of the Code.

Management Agent means CoreRVA Properties, Inc., a Virginia corporation, or any successor thereto engaged by the Managing Members as the management agent for the Project with the Consent of the Investor Member.

Management Agreement means the management contract or agreement by and between the Company and the Management Agent, which has received all Requisite Approvals.

Management Fee means the amount payable from time to time by the Company to the Management Agent for management services in accordance with the Management Agreement, which shall be subject to any Requisite Approvals.

Managing Members means, initially, CV Managing Member, LLC, and any Person who becomes a Managing Member as provided herein. If at any time the Company shall have a sole Managing Member, the term Managing Members shall be construed as singular.

Material Default has the meaning set forth in Section 7.7B.

Member means any Managing Member or Non-Managing Member.

Mortgage means any mortgage indebtedness of the Company evidenced by any Note and secured by any mortgage on the Property from the Company to any Lender; and, where the context admits, Mortgage shall mean and include any of the mortgages securing said indebtedness and any other documents pertaining to said indebtedness which were required by the Lender as a condition to making such Mortgage Loan. In case any Mortgage is replaced by any subsequent mortgage or mortgages, such term shall refer to any such subsequent mortgage or mortgages. The term mortgage means any mortgage, mortgage deed, deed of trust, deed to secure debt or any similar security instrument, and foreclose and words of like import include the exercise of a power of sale under a mortgage or comparable remedies.

Mortgage Loan means the Construction Loan, the First Mortgage Loan, the HOME Loan, and the Sponsor Loan.

Mortgage Loan Commitment means and includes (i) the First Mortgage Commitment and (ii) the HOME Loan Commitment.

Mortgage Loan Documents means the loan agreements, Notes, Mortgages and other documents evidencing and securing any Mortgage Loan or otherwise entered into connection therewith.

Net Capital Contribution means $7,088,291.

Net Proceeds means, when used with respect to any Condemnation Awards or Insurance Proceeds, the gross proceeds from any condemnation or casualty of the Property remaining after payment of all expenses, including reasonable attorneys fees, incurred in the collection of such gross proceeds.

Non-Managing Member or *Non-Managing Members* mean any or all of those Persons designated as Investor Members or Special Members in the Schedule, any Person admitted as a Non-Managing Member pursuant to Section 4.6, or any Person who becomes a Substitute Non-Managing Member as provided herein, in each such Person s capacity as a Non-Managing Member of the Company. Such terms shall include the Special Member, the Investor Member and any Persons who may succeed to the Interests of such Non-Managing Members.

Note means and includes any promissory note from the Company to a Lender evidencing a Mortgage Loan, and shall also mean and include any note supplemental to said original note issued to a Lender or any note issued to a Lender in substitution for any such original note.

Operating Deficit means the amount by which Operating Expenses exceed Cash Receipts.

Operating Expense Loan means a loan to the Company pursuant to Section 6.8A, which is repayable without interest and only as provided in Article X.

Operating Expenses means (i) up to and including the Development Obligation Date, those expenses, properly accruable through such date which may be properly charged as operating expenses of the Project under standard accounting procedures and which are allocable, in accordance with generally accepted accounting principles, to Units for which all requisite approvals for occupancy have been obtained; such operating expenses may include real estate taxes and debt service and mortgage insurance premiums, if any, with respect to the Mortgage Loans excluding the Sponsor Loan (to the extent such operating expenses are not funded out of Designated Proceeds), but shall not include any costs required to be capitalized in accordance with generally accepted accounting principles; and (ii) after the Development Obligation Date, all the costs and expenses of any type incurred incidental to the ownership and operation of the Project, including, without limitation, taxes, capital improvements reasonably deemed necessary by the Managing Members and not funded out of any reserves for such, mortgage (excluding the Sponsor Loan) and bond insurance premiums, if any, and the cost of operations, debt service, maintenance and repairs, and the funding of any reserves required to be maintained by any Lender or Governmental Agency or pursuant to this Agreement, but shall not include (i) repayments of Operating Expense Loans made pursuant to Section 6.8A or (ii) distributions or payments to Members pursuant to Article X.

Operating Reserve means the operating reserve described in Section 6.11B.

PACE means the Program of All-Inclusive Care for the Elderly, which is a national program to provide comprehensive health services for seniors and is administered in Charlottesville and the surrounding counties by the PACE Provider.

PACE MOU means the Agreement of Understanding, dated October 14, 2014, between the Company and the PACE Provider.

PACE Provider means Charlottesville Area Retirement Services, Inc., d/b/a Blue Ridge PACE.

PACE Subsidy means the subsidy to be paid by the PACE Provider to make housing more affordable for low income seniors ages 55+. In accordance with the terms of the PACE MOU, the PACE Subsidy will be paid to the Company on behalf of such tenants of Low Income Units as qualify to receive the PACE Subsidy.

Partner Nonrecourse Debt means any Company liability (i) that is considered non-recourse under Treasury Regulation Section 1.1001-2 *or* for which the creditor s right to

repayment is limited to one or more assets of the Company *and* (ii) for which any Member or Related Person bears the Economic Risk of Loss.

Partner Nonrecourse Debt Minimum Gain means the amount of partner nonrecourse debt minimum gain and the net increase or decrease in partner nonrecourse debt minimum gain determined in a manner consistent with Treasury Regulation Sections 1.704-2(d), 1.704-2(i)(2) and (i)(3) and 1.704-2(k).

Partnership Minimum Gain means the amount determined by computing, with respect to each Partnership Nonrecourse Liability, the amount of gain, if any, that would be realized by the Company if it disposed of (in a taxable transaction) the property subject to such liability in full satisfaction of such liability, and by then aggregating the amounts so computed. Such computations shall be made in a manner consistent with Treasury Regulation Sections 1.704-2(d) and 1.704-2(k).

Partnership Nonrecourse Liability means any Company liability (or portion thereof) for which no Member or Related Person bears the Economic Risk of Loss.

Payment Certificate has the meaning given it in Section 5.1B(i).

Permanent Mortgage Commencement means the latest to occur of: (i) repayment in full of the Construction Loan, (ii) termination of any construction phase guarantees granted in connection with any Mortgage Loan, (iii) full disbursement of the principal amount of the First Mortgage Loan and the HOME Loan and (iv) commencement of monthly amortization of principal and interest under the applicable Mortgage Loan Documents excluding the Construction Loan Documents (to the extent the applicable Mortgage Loan Documents provide for principal amortization).

Person means any individual or Entity, and the heirs, executors, administrators, legal representatives, successors and assigns of such Person where the context so admits.

PHA means Piedmont Housing Alliance, a Virginia nonprofit corporation, and an exempt organization for federal tax purposes.

Plans and Specifications means the plans and specifications for the construction of the Property approved by the Construction Lender, the Credit Agency, and the Special Member, including, without limitation, specifications for materials, and all amendments and modifications thereof, as the same may from time to time be amended with the prior written approval of the Special Member, *provided*, *however*, if the Construction Lender is the Investor Member or an Affiliate thereof, no such approval by the Special Member will be required if such changes are approved by the Construction Lender.

Project or *Property* means the Land and the Improvements.

Project Documents means and includes this Agreement, the Construction Contract, the Guaranty Agreement, the Mortgage Loan Documents, the Tax Credit Application, the Credit Reservation, the Carryover Allocation, the Extended Use Agreement, the Development Agreement, any Regulatory Agreement, the Management Agreement, the Mortgage Loan

Commitment, the Purchase Option and Right of First Refusal Agreement, and all other documents relating to the Project which are required by, or have been executed in connection with, any of the foregoing documents.

Projected Aggregate Federal Low Income Tax Credit Amount means $6,949,305, which is the product of (i) 99.99% and (ii) the aggregate amount of Federal Low Income Tax Credits expected to be available to the Property during the Credit Period. If, following any determination or redetermination of the Adjusted Aggregate Federal Low Income Tax Credit Amount pursuant to Section 5.2, such amount is different than the Projected Aggregate Federal Low Income Tax Credit Amount, then, for purposes of any subsequent application of Section 5.2, the term Projected Aggregate Federal Low Income Tax Credit Amount shall mean the Adjusted Aggregate Federal Low Income Tax Credit Amount, provided that any required adjustment(s), payment(s) or Tax Credit Shortfall Payments have been made pursuant to the provisions of Section 5.2 on account of such difference.

Purchase Option and Right of First Refusal Agreement means the Purchase Option and Right of First Refusal Agreement dated September 24, 2015 between the Company and PHA, as amended by the First Amendment to Purchase Option and Right of First Refusal by the Company and PHA dated as of even date herewith.

Qualified Income Offset Item means (i) an allocation of loss or deduction that, as of the end of each year, reasonably is expected to be made (a) pursuant to Section 704(e)(2) of the Code to a donee of an interest in the Company, (b) pursuant to Section 706(d) of the Code as the result of a change in any Member s interest in the Company, or (c) pursuant to Regulation Section 1.751-1(b)(2)(ii) as the result of a distribution by the Company of unrealized receivables or inventory items and (ii) a distribution that, as of the end of such year, reasonably is expected to be made to a Member to the extent it exceeds offsetting increases to such Member s Capital Account which reasonably are expected to occur during or prior to the Company taxable year in which such distribution reasonably is expected to occur.

Qualified Tenant means a tenant (i) with income not exceeding the percentage of area gross median income set forth in Section 42(g)(1)(A) or (B) of the Code (whichever is applicable) who leases an apartment unit in the Project under a lease having an original term of not less than twelve (12) months at a rent not in excess of that specified in Section 42(g)(2) of the Code, and (ii) complying with any other requirements imposed by the Project Documents.

Recapture Event means an event, as evidenced by a determination thereof by the Accountants or as a result of a Final Determination, which results in a recapture with respect to all or any portion of the Company s Tax Credits and/or which results in a disallowance of any Tax Credits previously claimed by the Company.

Regulations means the rules and regulations of any Governmental Agency, which are applicable to the Project or the Company.

Regulatory Agreement means any regulatory agreements, affordability restrictions, restrictive covenants or other similar documents entered or to be entered into between or by the

Company and/or for the benefit of any Lender or Governmental Agency with respect to the Project, as amended from time to time.

Related Agreements means each agreement, document and certificate referred to in the Document Schedule.

Related Person has the meaning set forth in Treasury Regulation Section 1.752-4(b) or any successor regulation thereto.

Removal Notice shall have the meaning set forth in Section 7.7.

Removal Notice Date shall have the meaning set forth in Section 7.7.

Requisite Approvals means any required approvals of the Lender and each Governmental Agency to an action proposed to be taken by the Company.

Retirement (including the forms *Retire* and *Retired*) means, as to a Managing Member, and shall be deemed to have occurred automatically upon, the occurrence of death, adjudication of insanity or incompetence, Event of Bankruptcy, dissolution or voluntary or involuntary withdrawal from the Company for any reason. Involuntary withdrawal shall occur whenever a Managing Member may no longer continue as a Managing Member by law, death, incapacity or pursuant to any terms of this Agreement. A Managing Member which is an Entity (an Entity Managing Member) also will be deemed to have Retired upon the sale or other disposition of a controlling interest in such Entity Managing Member. Without limitation of the foregoing, any of the foregoing events occurring as to an individual or Entity which directly or indirectly holds a controlling interest in an Entity Managing Member shall also be deemed to constitute the Retirement of any such Entity Managing Member *provided*, *however*, that the membership interests in the Managing Member may be transferred for estate planning purposes and a Retirement shall not be deemed to have occurred as long as Richard W. Gregory, Jonathan Gregory and/or Thomas W. Papa remain the managers of the Managing Member and exercise day-to-day control over the actions and management of such Managing Member. Further, upon the death of either Richard W. Gregory or Thomas W. Papa, the transfer of his estate pursuant to the laws of intestate succession or to his beneficiaries pursuant to his last will and testament duly admitted to probate shall not be deemed a Retirement hereunder; *provided*, *however*, that such transfer will only effect a transfer of the economic rights associated with the transferred interest and the transferee will not be admitted as a member of the Managing Member unless the Investor Member Consents to such admission, nor will the transferee succeed to or possess any management or approval rights. In addition, a Retirement of an Entity Managing Member shall not be deemed to have occurred if an Event of Bankruptcy occurs with regard to a member of an Entity Managing Member, and such member is immediately removed from the Entity Managing Member. For purposes of this definition, controlling interest shall mean the power to direct the management and policies of such Entity, directly or indirectly, whether through the ownership of voting securities, by contract or otherwise.

Revised Economic Projections means the economic projections calculated immediately prior to payment of the Sixth Installment using the same assumptions and methodology as the Initial Economic Projections, revised to reflect the actual construction costs and available Federal

Low Income Tax Credits at such time and taking into account all other changes from the Initial Economic Projections which affect the amount and timing of benefits, including the month the Project is placed into service for purposes of Section 42 of the Code, the actual rate of lease-up for the Low Income Units, and the actual operating history of the Project.

Schedule means the Schedule of Members annexed hereto as **Exhibit A** as amended from time to time and as so amended at the time of reference thereto.

Service means the Internal Revenue Service.

Seventy-Five Percent Completion Date means the date as of which the Construction Inspector certifies that the work to be performed by the Builder under the Construction Contract is 75% complete (based on the ratio of the cost of completed items under the Construction Contract to the total Construction Contract amount, taking into account change orders and other revisions, as of the date of such certification). Any representation by the Managing Member under this Agreement that the Seventy-Five Percent Completion Date has occurred shall be subject to confirmation by the Investor Member or the Construction Inspector pursuant to a physical inspection of the Property; provided, however, that in the event that the Investor Member or the Construction Inspector does not make such physical inspection within fifteen (15) business days after having received such Managing Member s representation, then the Investor Member shall be deemed to have waived the physical inspection requirement. All objections must be commercially reasonable, and shall be delivered in writing to the Managing Member, who shall have a reasonable time to cure such objections made by the Investor Member or Construction Inspector.

Special Capital Contribution means a capital contribution described in and made pursuant to Section 6.8A or Section 6.11 and the Expense Reimbursement Contribution.

Special Endorsements means, collectively, (i) a non-imputation endorsement, (ii) a comprehensive endorsement, (iii) a contiguity endorsement (if the Land consists of more than one parcel), (iv) an access endorsement, (v) a zoning endorsement for improved land (including any applicable parking provisions), (vi) a Fairways endorsement (unless substantially similar coverage is provided under the general policy), (vii) a blanket easement endorsement, (viii) a subdivision endorsement, (ix) a same as survey endorsement, (x) a separate tax lot endorsement, (xi) a maximum loss endorsement, (xii) a restriction, encroachment, minerals endorsement, (xiii) a condominium endorsement (if applicable), and (xiv) any other endorsements reasonably requested by the Special Member to the extent available in the State, each in a form reasonably acceptable to the Special Member.

Special Member means Banc of America CDC Special Holding Company, Inc., a North Carolina corporation, and its successors.

Sponsor Loan means the construction and permanent loan in the amount of $950,000 made by PHA to the Company, which matures on April 1, 2065, bears interest at the rate of 2.50%, and is payable in full on maturity, which loan was assigned prior to the date of this Agreement.

Sponsor Loan Documents means the Sponsor Loan Mortgage, Sponsor Loan Note, and all other documents evidencing and securing the Sponsor Loan or otherwise entered into connection therewith.

Sponsor Loan Mortgage means the third-priority mortgage securing the obligations of the Company under the Sponsor Loan Note.

Sponsor Loan Note means the Amended and Restated Promissory Note made as of September 24, 2015, with an original principal amount of $950,000 executed by the Company in favor of PHA as evidence of its obligation to repay the Sponsor Loan. The Sponsor Loan Note is the subject of the Note Purchase and Sale Agreement, by and between PHA, the Wolftrap Farm 2012 Dynasty Trust (the Wolftrap Farm Trust) and the R & D 2012 Dynasty Trust (the R & D Trust and, together with the Wolftrap Farm Trust, the Sponsor Loan Note Buyers).

State means the Commonwealth of Virginia.

Substitute Non-Managing Member means any Person who is admitted to the Company as a Non-Managing Member under the provisions of Section 8.2.

Supervisory Management Agreement means the Supervisory Management Agreement of even date herewith between the Company and the Controlling Managing Member pursuant to which the Controlling Managing Member is to provide certain supplemental management and oversight services with respect to the Project.

Supervisory Management Fee means the fee payable to the Controlling Managing Member under the Supervisory Management Agreement for its services thereunder.

Tax Credit Application means the applications submitted to the Credit Agency to obtain the Credit Reservation and Carryover Allocation, as amended from time to time, including all documentation submitted to the Credit Agency concurrently therewith or pursuant thereto. The term Tax Credit Application includes both the 2015 Low-Income Housing Tax Credit Application For Reservation submitted October 15, 2015 for a $695,000 annual credit amount and the 2015 Low-Income Housing Tax Credit Application For Allocation submitted November 2, 2015 for a $630,000 annual credit amount.

Tax Credit Shortfall Payments has the meaning attributed thereto in Section 5.2E.

Tax Credits means the Federal Low Income Tax Credits.

Tenant Income Certification means a tenant s initial tax credit certification, including the tenant income certification/certificate of resident eligibility, all sources used in verifying income and assets (including, but not limited to, third party verification, checking and savings accounts, pay stubs, verification of assets, etc.), a copy of one completed lease signed and dated for each building in the Property, and a copy of the first and last page of each lease of each Low Income Unit, showing the start date of the lease and signature of the resident(s) and owner.

Ten Percent Test Qualification means receipt by the Special Member of evidence satisfactory to the Special Member demonstrating that the Company has met the ten percent test set forth in Section 42(h)(1)(E)(ii) of the Code with respect to the Project.

Title Policy means the ALTA owner s policy of title insurance issued to the Company by Old Republic National Title Insurance Company as endorsed to include the Special

Endorsements in the amount of $10,538,291 (which represents the sum of the Investor Member s Net Capital Contributions and the maximum principal amount of the permanent Mortgage Loans) and dated not more than ten (10) days prior to Investment Closing.

TMP means the Managing Member designated as Tax Matters Partner of the Company in accordance with Section 6.2.

Transfer means any sale, exchange, assignment, encumbrance, hypothecation, pledge, foreclosure, conveyance, gift or other transfer of any kind, whether direct or indirect, voluntary or involuntary. When used as a verb, such term shall mean, voluntarily or involuntarily, to sell, exchange, assign, encumber, hypothecate, pledge, foreclose, convey in trust, give or otherwise transfer.

Uniform Act means the Virginia Limited Liability Company Act, Virginia Code Sections 13.1-1000, *et seq.* as in effect under the laws of the State, as amended from time to time.

Units means any of the 54 dwelling units in the Project.

VHDA means the Virginia Housing Development Authority, a political subdivision of the Commonwealth of Virginia.

Withdrawal Purchase Price shall have the meaning set forth in Section 7.7D.

ARTICLE II

CONTINUATION, NAME AND PURPOSE

Section 2.1 Continuation

The parties hereto hereby agree to continue the limited liability company known as Carlton Views I, LLC, which was formed pursuant to the provisions of the Uniform Act.

Section 2.2 Name and Office; Agent for Service

A. The Company shall continue to be conducted under the name and style set forth in Section 2.1. The principal office of the Company shall be at Atlas Law, PLC, Attention: Richard W. Gregory, Esq., 7 East 2nd Street, Richmond, VA 23224. The Managing Members may at any time change the location of such principal office and shall give prompt notice of any such change to the Non-Managing Member.

B. The name and address of the agent of the Company for service of process shall be: Atlas Law, PLC, Attention: Richard W. Gregory, Esq., 7 East 2nd Street, Richmond, VA 23224.

Section 2.3 Purpose

The purpose of the Company is to acquire, construct, develop, repair, improve, maintain, operate, manage, lease, dispose of and otherwise deal with the Project, which shall be known as

the Carlton Views I Apartments, in accordance with any applicable Regulations and the provisions of this Agreement. The Company shall not engage in any other business or activity.

Section 2.4 Authorized Acts

In furtherance of its purposes, but subject to all other provisions of this Agreement including, but not limited to, Article VI, the Company is, and the Managing Members acting on its behalf are, hereby authorized:

(i) To acquire by purchase, lease or otherwise any real or personal property which may be necessary, convenient or incidental to the accomplishment of the purposes of the Company.

(ii) To acquire, construct, rehabilitate, operate, maintain, finance and improve, and to own, sell, convey, assign, mortgage or lease the Project and any other real estate and any personal property necessary, convenient or incidental to the accomplishment of the purposes of the Company.

(iii) To borrow money and issue evidences of indebtedness in furtherance of any or all of the purposes of the Company and to secure the same by mortgage, deed of trust, security interest, pledge or other lien on the Property or any other assets of the Company, to the extent permitted by the Project Documents.

(iv) To prepay in whole or in part, refinance, renew, recast, increase, modify or extend any Mortgage and in connection therewith to execute any extensions, renewals, or modifications of such Mortgage.

(v) To employ any Person, including any Affiliate, to perform services for, or to sell goods to, the Company and to pay for such goods and services; *provided that* (except with respect to any contract specifically authorized by this Agreement) the terms of any such transaction with an Affiliate shall not be less favorable to the Company than would be arrived at by unaffiliated parties dealing at arms length.

(vi) To execute any and all Notes, Mortgages and security agreements in order to secure loans from any Lender and any and all other documents, including but not limited to the Project Documents, required by any Lender or any Governmental Agency in connection with each Mortgage and the acquisition, construction, rehabilitation, repair, development, improvement, maintenance and operation of the Property.

(vii) To execute agreements with any Governmental Agency.

(viii) To execute leases of the Units in the Project.

(ix) To modify or amend the terms of any agreement or contract which the Managing Members are authorized to enter into on behalf of the Company; *provided*, *however*, that such terms as amended shall not (1) materially adversely

affect the Company or the Non-Managing Members, or (2) be in contravention of any of the terms or conditions of this Agreement.

(x) To enter into any kind of activity and to perform and carry out contracts of any kind necessary to, or in connection with, or incidental to, the accomplishment of the purposes of the Company, so long as said activities and contracts may be lawfully carried on or performed by a limited liability company under the laws of the State.

(xi) To execute the Related Agreements and any notices, documents or instruments permitted or required to be executed or delivered in connection therewith or pursuant thereto.

ARTICLE III

TERM AND DISSOLUTION

A. The Company shall continue in full force and effect in perpetuity, except that the Company shall be dissolved prior to such date upon the happening of any of the following events:

(i) the sale or other disposition of all or substantially all the assets of the Company;

(ii) the Retirement of a Managing Member unless the business of the Company is continued pursuant to Article VII;

(iii) the election to dissolve the Company made in writing by the Managing Members with the Consent of the Investor Member and any Requisite Approvals; or

(iv) the entry of a final decree of dissolution of the Company by a court of competent jurisdiction.

B. Upon dissolution of the Company (unless the business of the Company is continued pursuant to Article VII), the Managing Members (or for purposes of this paragraph their trustees, receivers, successors or legal representatives) shall cause the cancellation of the Certificate, liquidate the Company assets and apply and distribute the proceeds thereof in accordance with Section 10.2. Notwithstanding the foregoing, in the event such liquidating Managing Members shall determine that an immediate sale of part or all of the Company s assets would cause undue loss to the Members, the liquidating Managing Members may, in order to avoid such loss, defer liquidation of, and withhold from distribution for a reasonable time, any assets of the Company except those necessary to satisfy the Company debts and obligations (other than Operating Expense Loans).

ARTICLE IV

MEMBERS; CAPITAL

Section 4.1 Managing Members

A. The initial Managing Member of the Company is CV Managing Member, LLC, and its address and Capital Contributions are set forth in the Schedule. In no event shall the aggregate Capital Contributions of the Managing Member (excluding any Special Capital Contributions, Capital Contributions made pursuant to Section 4.1B below and amounts, if any, paid pursuant to Section 10.2A) exceed $100 without the Consent of the Investor Member.

B. In the event the entire Development Amount has not been paid by the thirteenth anniversary of the Completion Date, the Managing Member shall make a Capital Contribution to the Company in the amount necessary to pay the balance of the Development Amount (the Unpaid Fee) and the Managing Member shall cause the Company to immediately apply such proceeds to the discharge of such obligation in full; *provided*, *however*, that prior to the making of the Managing Member s Capital Contribution under this Section 4.1B, funds in the Operating Reserve may be used to pay the Unpaid Fee, if permitted by the Lender, and, after the application of funds of the Operating Reserve, any remaining Unpaid Fee shall be paid using the Managing Members Capital Contribution.

Section 4.2 Non-Managing Members

A. The Special Member is hereby admitted to the Company. Its address and Capital Contribution are set forth in the Schedule.

B. The Investor Member is hereby admitted to the Company. Its address and Capital Contributions are set forth in the Schedule. The payment of its Capital Contribution is governed by Section 5.1.

Section 4.3 Company Capital and Capital Accounts

A. The capital of the Company shall be the aggregate amount contributed by the Members as set forth in the Schedule. No interest shall be paid by the Company on any Capital Contribution. If necessary or appropriate, amendments to the Certificate shall be filed from time to time to reflect the withdrawal or admission of Members. The Schedule may be amended from time to time to reflect any changes in the Interest held or amount contributed or agreed to be contributed by any Member.

B. An individual Capital Account shall be established and maintained for each Member, including any additional or substituted Member who shall hereafter receive an Interest. The original Capital Account established for each such substituted Member shall be in the same amount as, and shall replace, the Capital Account of the Member which such substituted Member succeeds, and, for the purposes of this Agreement, such substituted Member shall be deemed to have made the Capital Contribution, to the extent actually paid in, of the Member which such substituted Member succeeds. The term substituted Member , as used in this paragraph, shall mean a Person who shall become entitled to receive a share of the allocations and distributions of the Company by reason of such Person succeeding to the Interest of a Member by assignment of all or any part of a Member s Interest. To the extent a substituted Member receives less than 100% of the Interest of a Member he succeeds, the original Capital Account of such substituted Member and its Capital Contribution shall be acquired in such proportion or amount as agreed to by the

substituted Member and assigning Member and the assigning Member who retains a partial Interest in the Company shall retain the remainder of its Capital Contribution and Capital Account. Any special basis adjustments under Section 743 of the Code resulting from an election by the Company pursuant to Section 754 of the Code shall not be taken into account for any purpose in establishing and maintaining Capital Accounts for the Members pursuant to this Section 4.3.

C. Nothing in this Section 4.3 shall affect the limitations on transferability of Interests set forth in Article VII or Article VIII.

Section 4.4 Withdrawal of Capital

Except as may be specifically provided in this Agreement, no Member shall have the right to (i) withdraw from the Company all or any part of its Capital Contribution or (ii) demand and receive property of the Company in return for its Capital Contribution or in respect of its Interest.

Section 4.5 Liability of Non-Managing Members

A. No Non-Managing Member shall be liable for any debts, liabilities, contracts, or obligations of the Company. A Non-Managing Member shall be liable only to make payments of its Capital Contribution as and when due hereunder. After its Capital Contribution shall be fully paid, no Non-Managing Member shall, except as otherwise required by the Uniform Act or Section 10.2A, be required to make any further capital contributions or payments or lend any funds to the Company.

B. In no event shall any Person who is at any time a member or manager of the Investor Member, or any partner, member or Affiliate of any such Person, have any personal liability for the payment or performance of any obligation of the Investor Member under the provisions of this Agreement or any document or instrument to be delivered in connection with this Agreement, including, without limitation, the obligations of the Investor Member to contribute capital to the Company. All parties dealing with the Investor Member shall look solely to the assets of the Investor Member for the satisfaction of any such obligation.

Section 4.6 Additional Non-Managing Members

The Managing Members may admit additional Non-Managing Members only with the Consent of the Investor Member.

Section 4.7 Agreement to be Bound by Documents

Each Managing Member and Non-Managing Member shall be bound by the terms of this Agreement and the Project Documents. Any incoming Managing Member and Non-Managing Member, as a condition of receiving any Interest, shall agree to be bound by this Agreement and the Project Documents to the same extent and on the same terms as the other Managing Members and Non-Managing Members, respectively. Upon any dissolution of the Company or any Transfer of the Property while any Mortgage is held by any Lender, no title or right to the possession and control of the Property and no right to collect the rents therefrom shall pass to any Person who is not, or does not become, bound in a manner satisfactory to the Lender and the Governmental Agency to the Project Documents and the provisions of this Agreement. The Project Documents

shall be binding upon and shall govern the rights and obligations of the Members, their heirs, executors, administrators, successors and assigns as long as the corresponding Mortgage Loans shall be outstanding.

ARTICLE V

CAPITAL CONTRIBUTIONS OF INVESTOR MEMBER

Section 5.1 Installments of Capital Contributions

A. The Investor Member shall contribute as its Capital Contribution the sum of $7,088,291 payable in six (6) installments (the Installments) as follows:

(i) the first Installment (the First Installment) in the amount of $1,063,244 plus the Expense Reimbursement Contribution shall be paid on the latest to occur of (a) Investment Closing, (b) closing and funding of the Construction Loan, and (c) receipt of the Mortgage Loan Commitment;

(ii) the second Installment (the Second Installment) in the amount of $708,829 shall be payable on the latest to occur of (a) the Fifty Percent Completion Date and (b) July 1, 2016;

(iii) the third Installment (the Third Installment) in the amount of $354,415 shall be payable on the later to occur of (a) the Seventy-Five Percent Completion Date and (b) October 1, 2016;

(iv) the fourth Installment (the Fourth Installment) in the amount of $708,829 shall be payable on the latest to occur of (a) the Completion Date (including receipt by the Investor Member of copies of all certificates or permits permitting occupancy of the Project and an update to the Title Policy demonstrating that the Project is free of any mechanics or other liens (except for the Mortgages, tax liens concerning taxes which are not yet due and payable and other liens which are bonded against in a manner as to preclude the holder thereof from having any recourse to the Property or the Company for payment of any debt secured thereby)), and (b) January 1, 2017;

(v) the fifth Installment (the Fifth Installment) in the amount of $3,898,560 shall be payable on the latest to occur of (a) achievement of a 115% Debt Service Coverage Ratio for each of three (3) consecutive calendar months (which period must include the last day of the month immediately preceding the month in which this fifth Installment is to be paid), (b) the Initial Occupancy Date, (c) physical occupancy of at least 93% of the Units, (d) Final Closing, including, without limitation, Permanent Mortgage Commencement and receipt by the Investor Member of the executed First Mortgage Loan Documents and HOME Loan Documents in form and substance reasonably satisfactory to the Investor Member (all of which may occur simultaneously with the payment of this Fifth Installment), (e) the date on which Carlton Berra, LLC, a Virginia limited liability company, makes an entity election to be classified as an association taxable as a

corporation for federal income tax purposes and an election under Section 168(h)(6)(F)(ii) of the Code so that no part of the Project shall constitute tax exempt use property within the meaning of Section 168(h) of the Code, (f) all reserves required to be funded as of the Fifth Installment have funded or will fund concurrently with this payment, (g) receipt by the Special Member of a copy of the executed Deferred Development Fee Note if any Development Amount will be deferred pursuant to the Development Agreement, (h) receipt of a draft Cost Certification reasonably acceptable to the Investor Member, (i) receipt by the Investor Member of the executed Management Agreement and Addendum to Management Agreement, approved by the VHDA, and (j) January 1, 2018;

(vi) the Sixth Installment (the Sixth Installment) in the amount of $354,415 shall be payable on the latest to occur of (a) the Forms 8609 Receipt Date, (b) receipt by the Company of a final Cost Certification in a form reasonably acceptable to the Special Member and the determination by the Accountants of the Final Tax Credit Amount and the calculation of any adjustment required pursuant to Section 5.2 reasonably satisfactory to the Investor Member and agreed to by the Managing Member based upon the Revised Economic Projections, (c) receipt by the Investor Member of a copy of the tax credit compliance audit report of initial tenant files conducted by a qualified third-party firm reasonably approved by the Investor Member and (d) March 1, 2018.

B. The Members and the Company hereby authorize and direct the Investor Member to pay and remit directly into the Checking Account as defined in the Construction Loan Documents, (a) the First Installment, Second Installment, Third Installment, and Fourth Installment for disbursement in accordance with the terms of the Construction Loan Documents, and (b) such portion of the Fifth Installment and Sixth Installment as is necessary to pay off the Construction Loan in full. The amount of any Installments paid directly to the Construction Lender will be deemed to have been contributed by the Investor Member to the Company in satisfaction of its obligations under Section 5.1A.

C. The obligation of the Investor Member to make each Installment (except as otherwise provided) is subject to each of the following conditions:

(i) The Managing Members shall have properly completed, executed and delivered to the Investor Member a certificate relating to the appropriate remaining Installments (the Payment Certificate), in the forms attached hereto as **Exhibit D Exhibit E, Exhibit F** and **Exhibit G**, relating to the appropriate remaining Installments, dated the date such Installment is to be paid to the Company and attaching the Title Policy endorsement and any other materials referred to therein. In connection with the payment of each Installment, the Investor Member shall have the right to conduct a physical inspection of the Property to confirm the status of construction or rehabilitation thereof or to determine that the condition of the Project is consistent with sound business practices in the geographic area in which the Project is located, including no deferred maintenance. The Investor Member shall conduct such inspection within fifteen (15) business days of being requested to do so by the Managing Members, *provided*, *however*,

that the Investor Member will be deemed to waive such physical inspection requirement if it does not make such inspection within fifteen (15) business days of receipt of a written request by the Managing Members to do so (which may be sent prior to the date of the Payment Certificate, but not more than fifteen (15) business days prior to the date of the Payment Certificate).

(ii) In the case of the First Installment, all Requisite Approvals to the admission of the Investor Member pursuant to this Agreement shall have been obtained and the Project shall have received a Credit Reservation and a Carryover Allocation in the amount of at least $695,000 per annum.

(iii) Each of the representations and warranties set forth in Section 6.5 shall be true and correct in all material respects.

(iv) No event shall have occurred which would permit the Investor Member to give an Election Notice under Section 5.3.

(v) From and after the date of the occurrence of an Event of Bankruptcy as to any Managing Member, any Guarantor or the Developer, the obligation of the Investor Member to pay the Installments shall be suspended, and such obligation shall be reinstated only when such Event of Bankruptcy shall have been cured in a manner approved in writing by the Investor Member; *provided*, *however*, if there is (a) more than one Guarantor, (b) an Event of Bankruptcy occurs with regard to one Guarantor (the Departing Guarantor) and (c) either (X) the remaining Guarantor satisfies the net worth and liquidity requirements set forth in the Guaranty Agreement without taking into account the net worth and liquid assets of the Departing Guarantor or (Y) the Managing Member identifies a substitute Guarantor for the Departing Guarantor and the Special Member, in its sole but reasonable discretion, has approved of such substitute Guarantor, then an Event of Bankruptcy will not be deemed to have occurred with respect to any Guarantor, for the purpose of this Section 5.1C(v).

(vi) No Installment shall be payable unless all conditions for all prior Installments have been satisfied.

(vii) The Construction Inspector shall reasonably believe that each of the Buildings will be placed in service for purposes of Section 42(h)(1)(E) of the Code not later than November 1, 2018 (which determination shall be subject to confirmation by the Investor Member).

Section 5.2 Adjustment to Capital Contributions of Investor Member

The Capital Contribution of the Investor Member shall be subject to adjustment in the manner provided in this Section 5.2.

A. Federal Low Income Tax Credit Downward Basis Adjuster. If at any time and from time to time for any reason the Accountants shall determine that, or there shall be a Final Determination or Recapture Event pursuant to which, the Adjusted Aggregate Federal Low Income

Tax Credit Amount properly allocable to the Investor Member during the Credit Period for all of the Buildings in the Project is or will be less than the Projected Aggregate Federal Low Income Tax Credit Amount, then the Capital Contribution of the Investor Member shall be reduced in the aggregate by the sum of (i) $1.02 (the Federal Low Income Tax Credit Downward Basis Adjustment Factor) for each $1.00 that the Adjusted Aggregate Federal Low Income Tax Credit Amount is less than the Projected Aggregate Federal Low Income Tax Credit Amount, (ii) the amount of any interest and/or penalties paid or payable by the Investor Member (or its participants) as a result of any Recapture Event affecting the foregoing calculation and (iii) 10% per annum on the outstanding balance of such reduction (but only to the extent that the Company is required to refund a portion of the Investor Member s Capital Contribution, which has been funded prior to the Final Determination or Recapture Event) commencing on the Admission Date and continuing until the payment of the amount of such reduction in full (for purposes of this clause (iii), any reduction effected by reduction in the amount of an Installment as provided in Section 5.2E shall be deemed to have been paid on the date on which such Installment shall actually become payable hereunder).

B. Federal Low Income Tax Credit Downward Timing Adjuster. If at any time and from time to time for any reason the Accountants shall determine that, or there shall be a Final Determination pursuant to which, the amount of the Federal Low Income Tax Credits properly allocable to the Investor Member is less than $463,287 in 2017 or $694,931 in 2018 (the Federal Downward Timing Adjuster Target Amounts), then the Capital Contribution of the Investor Member shall be reduced by $0.65 for each $1.00 that the Federal Low Income Tax Credits properly allocable to the Investor Member is less than $463,287 in 2017 or $694,931 in 2018. Notwithstanding the foregoing, however, (i) in the event that the Adjusted Aggregate Federal Low Income Tax Credit Amount shall vary from the Projected Aggregate Federal Low Income Tax Credit Amount in effect on the date of the Investment Closing, the Federal Downward Timing Adjuster Target Amounts for purposes of the preceding sentence shall be adjusted by the same percentage by which the Adjusted Aggregate Federal Low Income Tax Credit Amount varies from the Projected Aggregate Federal Low Income Tax Credit Amount and (ii) if 2018 is not the First Full Credit Year, comparable adjustments shall be made for any subsequent year which precedes the First Full Credit Year.

C. Federal Low Income Tax Credit Upward Basis Adjuster. If at any time and from time to time the Accountants shall determine or there shall be a Final Determination that the Adjusted Aggregate Federal Low Income Tax Credit Amount properly allocable to the Investor Member during the Credit Period is greater than the Projected Aggregate Federal Low Income Tax Credit Amount, then the Capital Contribution of the Investor Member shall be increased, subject to the provisions of Section 5.2E below, by $1.02 for each $1.00 that the Adjusted Aggregate Federal Low Income Tax Credit Amount properly allocable to the Investor Member during the Credit Period is greater than the Projected Aggregate Federal Low Income Tax Credit Amount.

D. Federal Low Income Tax Credit Upward Timing Adjuster. If there shall be a Final Determination pursuant to which, the amount of the Federal Low Income Tax Credits properly allocable to the Investor Member is greater than $463,287 in 2017 (the Federal Upward Timing Adjuster Target Amounts), then the Capital Contribution of the Investor Member shall be increased, subject to the provisions of Section 5.2E below, by $0.65 for each $1.00 that the Federal Low Income Tax Credits properly allocable to the Investor Member is greater than $463,287 in

2017. Notwithstanding the foregoing, however, in the event that the Adjusted Aggregate Federal Low Income Tax Credit Amount shall vary from the Projected Aggregate Federal Low Income Tax Credit Amount in effect on the date of the Investment Closing, the Federal Upward Timing Adjuster Target Amounts for purposes of the preceding sentence shall be adjusted by the same percentage by which the Adjusted Aggregate Federal Low Income Tax Credit Amount varies from the Projected Aggregate Federal Low Income Tax Credit Amount.

E. Application of Adjustments.

(i) If, upon the occurrence of any determination or event giving rise to an adjustment in the Capital Contribution of the Investor Member under this Section 5.2 (aggregating and/or netting, as applicable, all concurrent adjustments applicable to the Investor Member under this Section 5.2), there is a net reduction in such Capital Contribution, then such net reduction shall be applied first to reduce the amount of any unpaid Installments of the Capital Contribution of the Investor Member, in order, by a corresponding amount. If the net reduction exceeds the amount of such unpaid Installments or if all Installments have previously been contributed, then the Managing Members shall make a payment (a Tax Credit Shortfall Payment) to the Investor Member in the amount of such excess, on an After-Tax Basis, within seventy-five (75) days of the end of the calendar year in which the determination is made. Unless the treatment thereof as a Capital Contribution is approved in writing by the Investor Member (which approval shall be withheld by it only in cases where, in its reasonable discretion, it determines that such treatment could reduce the amount of Federal Low Income Tax Credits which would otherwise be allocable to the Investor Member under this Agreement), any such Tax Credit Shortfall Payment by the Managing Members shall not constitute a Capital Contribution, loan or advance to the Company and shall not be reimbursable by the Company, but shall be treated as a payment by the Managing Members to the Investor Member for breach of warranty by the Managing Members to the Investor Member. If full payment of such excess amount is not received within such seventy-five (75) day period, the unpaid balance shall thereafter bear interest at the Designated Prime Rate. In the event any such Tax Credit Shortfall Payment is treated as a Capital Contribution in accordance with this paragraph, the payment thereof to the Investor Member shall be treated as a distribution by the Company to the Investor Member of the proceeds of such Capital Contribution.

(ii) If, upon the occurrence of any determination or event giving rise to an adjustment in the Capital Contribution of the Investor Member under this Section 5.2 (aggregating and/or netting, as applicable, all concurrent adjustments under this Section 5.2), there is a net increase in such Capital Contribution, then such net increase shall be paid at the time of the Sixth Installment, and if the Sixth Installment has already been paid, shall be paid by the Investor Member within thirty (30) days of the date of the determination in question. Notwithstanding the foregoing, however, the cumulative amount of any increases to the Capital Contribution of the Investor Member shall not exceed five percent (5%) of the Investor Member s Net Capital Contribution.

F. Provisional Adjustments. If, upon receipt by the Investor Member of a Payment Certificate with respect to any Installment, the Investor Member shall have a reasonable basis to believe that the amount of such Installment would have been subject to reduction if the Accountants had made a current determination or projection under any of the preceding provisions of this Section 5.2, the Investor Member may so notify the Managing Members within seven (7) business days of receipt of such Payment Certificate, and the Managing Members shall thereupon engage the Accountants to make such determination or projection (unless the Managing Members and Investor Member shall mutually agree upon the adjustments to be made). The amount of the Installment in question shall then be provisionally reduced in accordance with such projection or agreement; *provided*, *however*, that if the Accountants subsequent determinations with respect to matters provisionally reduced under this paragraph shall vary from the determinations or mutual agreements described herein, then either (i) the Investor Member shall promptly pay to the Company the amounts, if any, by which the provisional reduction exceeded the reduction as subsequently determined or (ii) the amount, if any, by which the reduction as subsequently determined exceeded the provisional reduction shall be applied against future Installments or refunded as provided in Section 5.2E above. The due date for payment by the Investor Member of any Installment or any portion of an Installment held back pursuant to this section shall be suspended until the Accountant's determination of the provisional reduction (if any) as provided herein.

G. The obligations of the Managing Member set forth in this Section 5.2 shall expire at the end of the Compliance Period and shall be guaranteed pursuant to that certain Guaranty Agreement of even date herewith. The obligations of the Managing Member set forth in Section 6.8 of this Agreement expire upon the third (3rd) anniversary of the Development Obligation Date, subject to satisfaction of certain additional conditions described in Section 6.8, and are limited in amount. The limitations imposed in Section 6.8 are separate and distinct from the obligations imposed under this Section 5.2 and should not be construed as limiting in any manner the duration or amount of the obligations described in this Section 5.2.

Section 5.3 Repurchase of Investor Member s Interest

A. The Managing Members hereby agree to purchase the Interest of the Investor Member if any of the following events shall occur:

(i) Final Closing shall not have taken place on or before the date of maturity of the Construction Loan, *provided, however*, that such date may be automatically extended for a period of up to twelve (12) months to the extent the expiration dates set forth in the Mortgage Loan Commitment shall have been extended beyond such date; or

(ii) at any time prior to the Development Obligation Date, (1) any action to foreclose any Mortgage shall have been commenced and such action is not terminated or withdrawn within thirty (30) days or a binding agreement with the holder(s) thereof to effect the same entered into within such period, and any notice of acceleration of indebtedness waived or withdrawn; (2) any action is commenced to foreclose any mechanics or any other lien (other than the lien of any Mortgage) against the Project and such action has not within thirty (30) days been either

bonded against in such a manner as to preclude the holder of such lien from having any recourse to the Property or to the Company for payment of any debt secured thereby, or affirmatively insured against by the title insurance policy or an endorsement thereto issued to the Company by a reputable title insurance company (which insurance company will not have indemnity from or recourse against Company assets by reason of any loss it may suffer by reason of such insurance) in an amount satisfactory to Investor Tax Counsel; or (3) construction or operation of the Project shall have been enjoined by a final order (from which no further appeals are possible) of a court having jurisdiction and such injunction shall continue for a period of thirty (30) days; or

(iii) the HOME Loan Commitment or the First Mortgage Loan Commitment is terminated, withdrawn or becomes unenforceable (except as a result of full performance thereof in accordance with its terms) and such Commitment is not reinstated (or replaced with another mortgage loan commitment on terms at least as favorable to the Company) within thirty (30) days; or

(iv) at any time prior to the Development Obligation Date, a casualty occurs resulting in substantial destruction of more than 50% of the Project, or there is substantial destruction of less than 50% of the Project and the insurance proceeds (if any) are insufficient to restore the Project or the Project is not so restored within twenty-four (24) months following such casualty; or

(v) at any time prior to the Development Obligation Date, the Project shall become ineligible for 30% or more of the Projected Aggregate Federal Low Income Tax Credit Amount; or

(vi) the Company shall fail to achieve the Development Obligation Date within 24 months following the Completion Date or shall fail to achieve Ten Percent Test Qualification by the latest date permitted under Section 42(h)(1)(E)(ii) of the Code, or

(vii) the Forms 8609 Receipt Date shall not have occurred by the due date (as the same may have been properly extended, if applicable) for filing of the Company s federal income tax returns for the first year of the Credit Period (unless such delay is, in the judgment of the Special Member, beyond the reasonable control of the Managing Members); or

(viii) the Construction Inspector or the Investor Member shall have reasonably determined that it is no longer likely that each of the Buildings will be placed in service for purposes of Section 42(h)(1)(E) of the Code by December 31, 2017.

B. If any such event set forth in Section 5.3A shall occur, the Managing Members shall give notice to the Investor Member of the obligations of the Managing Members hereunder to purchase its Interest (such obligation being herein called a Purchase Obligation and such notice the Purchase Obligation Notice) within fifteen (15) days after the occurrence of any event giving

rise to such obligation. If the Investor Member elects to sell its Interest hereunder, it shall give the Managing Members notice of such election (an Election Notice) within thirty (30) days after such Purchase Obligation Notice from the Managing Members is received by the Investor Member (or, in the event that such Purchase Obligation Notice from the Managing Members is not given, at any time after the occurrence of such event).

C. Within fifteen (15) business days after delivery to the Managing Members of an Election Notice from the Investor Member, the Managing Members shall pay the Investor Member a purchase price (the Purchase Price) in cash (with interest thereon at an annual rate one percentage point above the Designated Prime Rate commencing on the fifth (5th) day following the date of such delivery) equal to (i) the sum of (a) 100% of the Investor Member s Net Capital Contribution (whether or not theretofore paid-in to the Company), increasing 10% per annum commencing on the Admission Date through the fifth (5th) day following the date of such delivery, *plus* (b) the actual out-of-pocket costs (including any legal, accounting and consulting fees and any interest or penalties) paid by the Investor Member in connection with any recapture of Tax Credits allocated to the Investor Member pursuant to this Agreement *less* (ii) the sum of (a) that portion of the Net Capital Contribution which has not theretofore been paid-in to the Company, (b) the amount of Cash Flow theretofore distributed by the Company in respect of the Investor Member s Interest and (c) the amount of any Tax Credits allocable to the Interest which will not be recaptured as a result of the disposition of said Interest or otherwise.

D. Upon the giving of its Election Notice, the Investor Member shall have no further obligations under this Agreement, and the Managing Members shall indemnify and defend the Investor Member and hold it harmless against any such obligations. The Managing Members shall take all action and shall pay all costs necessary to enable the Investor Member to receive and retain the Purchase Price as against any creditor of any Managing Member or the Company. Notwithstanding the purchase by the Managing Members of the Interest of the Investor Member pursuant to Section 5.3A, to the extent permitted under the applicable provisions of the Code, the Investor Member shall be allocated any profits or losses and tax credits in respect of said Interest for the period prior to the date of the receipt by the Investor Member of payment therefor. Anything herein to the contrary notwithstanding, title to the Interest of the Investor Member shall not vest in the Managing Members until payment in full of the Purchase Price therefor. Upon such payment, the Managing Members shall forthwith cause an amendment hereto and to the Certificate and any other necessary papers to be executed, filed, recorded and published wherever required showing such substitution.

E. No agreement affecting the Project shall prevent the exercise by the Investor Member of its right to require the purchase by the Managing Members of its Interest in the manner described in this Section 5.3.

F. The Investor Member shall have the right to waive its right to have its Interest repurchased at any time during which any of such rights shall be in effect. Any such waiver shall be exercised by delivery to the Managing Members of a written notice stating under which clause(s) of this Section it is waiving its right to have its Interest repurchased and that its rights under such specified clause(s) are thereby irrevocably waived from that date forward.

G. Should any Managing Member repurchase the Interest of the Investor Member pursuant to this Section 5.3, then the Special Member agrees to withdraw from the Company at the same time as the Investor Member s withdrawal is effective.

Section 5.4 Redemption of Company Interest.

At any time after the expiration of the Credit Period and prior to one hundred and eighty (180) days after the Compliance Period, Investor Member may require that the Company purchase the Investor Member s Interest and the Special Member s Interest, subject to all then existing liens and encumbrances to title, for an amount equal to $100 (the Put Option). To exercise the Put Option, the Investor Member must deliver to the Managing Member an irrevocable written notice of such exercise. The purchase by the Company will be closed within 60 days after the later of (i) the Investor Member s exercise of such right, or (ii) the receipt of all required consents, if any. Any conveyance from the Investor Member and the Special Member to the Company under this Section 5.4 will be made by quitclaim transfer, without representation or warranty of any kind by the Investor Member or the Special Member except that the Investor Member and the Special Member will represent that such Member has not previously transferred its Interest and such Member s Interest is free of liens or encumbrances other than those contemplated by the Company s Mortgage Loans and/or by this Agreement. The Investor Member and the Special Member agree that the Company will have no liability for any Adverse Consequences to the Investor Member or the Special Member as a result of the exercise of the Put Option, including, but not limited to, recapture or lost Federal Low Income Tax Credits.

Section 5.5 Special Procedures for Disputes Concerning Payment of Certain Installments

A. If the Investor Member and Managing Member are unable to resolve a dispute that may arise concerning whether or not the conditions to the payment of the Second Installment, Third Installment, Fourth Installment, Fifth Installment and/or Sixth Installment have been met and, despite good faith negotiations between the Managing Member and the Investor Member, such dispute remains unresolved, either the Managing Member or the Investor Member may submit such matter to arbitration pursuant to this Section 5.5 provided that the following provisions shall apply:

(a) All arbitration hearings will be commenced within sixty (60) days of the demand for arbitration and completed within thirty (30) days of commencement.

(b) The judgment and the award, if any, of the arbitrator will be issued within fifteen (15) days of the close of the hearing.

(c) Subject to an overriding decision by the arbitrator, all reasonable costs and legal fees associated with the arbitration shall be borne by the Managing Member, if the judgment of the arbitrator is in favor of the Investor Member, and by the Investor Member if the judgment of the arbitrator is in favor of the Managing Member.

(d) If the judgment and award is in favor of the Managing Member, the arbitrator shall retain jurisdiction of the matter to resolve any further disputes concerning the Purchase Price Reductions as defined below.

If the judgment and award of the arbitrator is in favor of the Managing Member, the Investor Member shall have fifteen (15) days following the Investor Member s receipt of the arbitrator s award to pay all or that portion of the Installment in question found to be due by the arbitrator s judgment and award. If the Investor Member fails to make such payment on such date, at the Managing Member s sole option to be exercised within 365 days of the date of the arbitrator s judgment and order, if the Managing Member is able to obtain a replacement equity commitment for the Company, the Investor Member and Special Member shall transfer their entire Interests in the Company to the Managing Member or its designee, without warranty, for a purchase price equal to the amount of Capital Contributions theretofore contributed to the Company by the Investor Member less the Purchase Price Reductions . As used herein, the term Purchase Price Reduction shall mean the aggregate of the amount by which the total contributions made or to be made by the Investor Member to the Company exceeds the amount of total contributions agreed to be made by such replacement limited partner and all other reasonable out-of-pocket expenses incurred by the Managing Member in connection with the arbitrations and the solicitation of and negotiations with such replacement limited partner. The purchase price for the interest of the Investor Member and Special Member shall be payable to the Investor Member by the Company on a date determined by the Managing Member in a written notice to the Investor Member, which dates shall not be more than 410 days following the judgment and award of the arbitrator. Except as provided for in this Section 5.5A, each party will bear its own costs and legal fees for any dispute that arises.

B. The Investor Member and Managing Member agree that all disputes described in Section 5.5A above shall be submitted to arbitration with a mutually agreed upon arbitrator in Boston, Massachusetts, unless the Investor Member and Managing Member mutually agree otherwise. If the Investor Member and Managing Member fail to agree on an arbitrator within thirty (30) days of the respective party s demand, then the arbitrator shall be selected by the Judicial Arbitration and Mediation Services, Inc. (JAMS). If there is no JAMS in the Boston, Massachusetts area, then the arbitration shall be administered by and in accordance with the applicable rules of the American Arbitration Association, and the laws of the State.

ARTICLE VI

RIGHTS, POWERS AND DUTIES OF THE MANAGING MEMBERS

Section 6.1 Restrictions on Authority

A. Notwithstanding any other provisions of this Agreement, the Managing Members shall have no authority to perform any act in respect of the Company or the Project in violation of (i) any applicable law or regulation or (ii) any agreement between the Company and any Lender or Governmental Agency.

B. The Managing Members shall not have any authority to do any of the following acts without the Consent of the Investor Member and any Requisite Approvals:

(i) to incur indebtedness for money borrowed on the general credit of the Company, except, in the aggregate, nonmortgage indebtedness of no more than $25,000, or as specifically permitted by Article IX, or

(ii) following completion of construction of the Improvements, to construct any new capital improvements, or to replace any existing capital improvements in excess of $10,000 in a single year if construction or replacement would substantially alter the use of the Property, or

(iii) to acquire any real property in addition to the Property (other than easements or similar rights necessary or convenient for the operation of the Project), or

(iv) to cause the Company to make any loan or advance to any Person (for purposes of this clause 6.1B(iv), accounts receivable in the ordinary course of business from Persons other than the Managing Members or their Affiliates and deferred payments by the Company to the Developer of the fees under the Development Agreement shall not be deemed to be advances or loans), or

(v) to amend, modify, or waive any term of the Mortgage Loan Documents, except (a) non-material modifications of the Mortgage Loan Documents or (b) other modifications that will not have an adverse effect on the Managing Members or the Company s ability to perform its obligations hereunder and under the Mortgage Loan Documents, or

(vi) to lease any Low Income Unit to other than Qualified Tenants or otherwise operate the Project in such a manner or take any action which could cause any Low Income Unit to fail to be treated as a qualified low-income housing unit under Section 42(i)(3) of the Code or which would cause the recapture by the Company of any low-income housing credit under Section 42 of the Code, or

(vii) after the Investment Closing, to enter into any material Project Document or to amend any Project Document, or to permit any party thereunder to waive any provision thereof, to the extent that the effect of such amendment or waiver would be to eliminate, diminish or defer any obligation or undertaking of the Company, the Managing Members or their Affiliates which accrues, directly or indirectly, to the benefit of, or provides additional security or protection to, the Investor Member (notwithstanding that the Investor Member is neither a party to nor express beneficiary of such provision or was not a Member when such provision became effective), or

(viii) to obtain, increase, refinance or materially modify any Mortgage Loan after Investment Closing or to sell or convey the Property or any substantial portion thereof, except as provided in Article IX, and except that the Managing Members may cause the Company to grant easements and similar rights affecting the Land to obtain utility services for the Project or for other purposes necessary or convenient for the operation of the Project, or

(ix) to cause the Company to commence a proceeding seeking any decree, relief, order or appointment in respect to the Company under the federal bankruptcy laws, as now or hereafter constituted, or under any other federal or state bankruptcy, insolvency or similar law, or the appointment of a receiver, liquidator, assignee, custodian, trustee, sequestrator (or similar official) for the Company or for any substantial part of the Company s business or property, or to cause the Company to consent to any such decree, relief, order or appointment initiated by any Person other than the Company, or

(x) to cause the Company to accept or receive any grant (unless otherwise expressly contemplated under the terms of this Agreement); or

(xi) to pledge or assign any of the Capital Contribution of the Investor Member or the proceeds thereof, or

(xii) to amend any of the Related Agreements, or

(xiii) to permit the merger, termination or dissolution of the Company, or

(xiv) to dismiss the Accountants or to engage a new firm as Accountants, or

(xv) to approve any changes to the Plans and Specifications for the Project which would result, either individually in an overall development cost increase or decrease of $75,000 or in the aggregate, in an overall development cost increase or decrease in excess of $150,000 (*provided*, *however*, that any Consent of the Investor Member required under this clause (xv) shall not be unreasonably withheld, conditioned or delayed), or

(xvi) to take any action which would cause the Property or any part thereof to be treated as tax exempt use property within the meaning of Section 168(h) of the Code, or

(xvii) to take any action outside of the ordinary course of business of the Company.

C. The Managing Members shall not (a) cause the Company to utilize Cash Flow to acquire interests in other Entities or (b) cause the Company to invest the proceeds of any sale or refinancing of the Project without the Consent of the Investor Member.

D. Any Member may engage independently or with others in other business ventures of every nature and description including, without limitation, the ownership, operation, management, and development of real estate, regardless of whether such real estate directly competes with the Project, and neither the Company nor any Member shall have any rights by reason of this Agreement in and to such independent ventures.

Section 6.2 Tax Matters Partner

A. The Controlling Managing Member (as defined in Section 6.3) is hereby designated as the Tax Matters Partner for the Company. Upon the Retirement of the Person serving as the TMP (the Retired TMP), the Company shall designate a successor TMP in accordance with Treasury Regulation Section 301.6231(a)(7)-1 or any successor Regulation, but such designee shall not become the TMP until the designation of such Person has been approved by Consent of the Investor Member. Such successor TMP shall notify the Service of its designation as such for such year as well as for all prior years for which the Retired TMP served in such capacity.

B. The TMP shall employ experienced tax counsel to represent the Company in connection with any audit or investigation of the Company by the Service, and in connection with all subsequent administrative and judicial proceedings arising out of such audit. The fees and expenses of such counsel shall be a Company expense and shall be paid by the Company. Such counsel shall be responsible for representing the Company; it shall be the responsibility of the Managing Members and of the Investor Member, at their own expense, to employ tax counsel to represent their respective separate interests.

C. The TMP shall keep the Members informed of all administrative and judicial proceedings, as required by Section 6223(g) of the Code, and shall furnish to each Member who so requests in writing, a copy of each notice or other communication received by the TMP from the Service (except such notices or communications as are sent directly to such requesting Member by the Service). All reasonable third party costs and expenses incurred by the TMP in serving as the TMP shall be Company expenses and shall be paid by the Company.

D. The TMP shall have no authority, without the Consent of the Investor Member, to (i) enter into a settlement agreement with the Service which purports to bind Members other than the TMP, (ii) file a petition as contemplated in Section 6226(a) or 6228 of the Code, (iii) intervene in any action as contemplated in Section 6226(b) of the Code, (iv) file any request contemplated in Section 6227(b) of the Code, (v) enter into an agreement extending the period of limitations as contemplated in Section 6229(b)(1)(B) of the Code or (vi) take any other substantial action which would affect the Investor Member.

E. The relationship of the TMP to the Investor Member is that of a fiduciary, and the TMP hereby acknowledges its fiduciary obligation to perform its duties in such manner as will serve the best interests of the Company and the Investor Member. The TMP may not take any actions on behalf of the Company which could reasonably result in a negative tax impact to the Investor Member, without first obtaining the Consent of the Investor Member.

F. The Company shall indemnify the TMP (including the officers and directors of a corporate TMP) against judgments, fines, amounts paid in settlement and expenses (including attorneys fees) reasonably incurred by the TMP in any civil, criminal or investigative proceeding in which the TMP is involved or threatened to be involved by reason of being the TMP, *provided that* the TMP acted in good faith, within what it reasonably believed to be in the best interests of the Company or its Members. The TMP shall not be indemnified under this provision against any liability to the Company or its Members to any greater extent than the indemnification allowed by Section 6.6 of this Agreement. The indemnification provided by this subparagraph shall not be

deemed exclusive of any other rights to which those indemnified may be entitled under any applicable statute, agreement, vote of the Members, or otherwise.

G. For the purposes of Subchapter C of Chapter 63 of the Code, the Managing Member shall serve as the Tax Matters Partner of the Company and, as such, shall have all of the rights and obligations given to a Tax Matters Partner under said Subchapter. On November 2, 2015 the Bipartisan Budget Act of 2015 (P.L. 114-74) (the Bipartisan Act) was signed into law. The Bipartisan Act includes a complete overhaul of the procedures that apply to IRS audits of partnerships (including LLCs taxed as partnerships) and their partners, and repeals (1) the TEFRA audit rules that have been in place since 1982, and (2) the reporting and audit procedures for electing large partnerships in effect since 1998. The new audit rules contained in the Bipartisan Budget Act will go into effect on January 1, 2018. Due to the current lack of implementing regulations or other guidance from the IRS, the Members have decided to continue to use the existing audit rules contained above in this Section 6.2 for all taxable years through the taxable year ending December 31, 2017, and will not affirmatively elect to have the new audit rules apply prior to January 1, 2018. As soon as implementing regulations or other guidance is published by the IRS but in all events prior to the effective date of the new audit rules of January 1, 2018, the Members agree that they will amend this Agreement in order to allow the Company to make the election to opt out of the new audit rules contained in the Bipartisan Act. .

Section 6.3 Business Management and Control; Designation of Controlling Managing Member; Certain Rights of the Special Member

A. The Managing Members shall have the exclusive right to manage the business of the Company in accordance with this Agreement. No Non-Managing Member shall have any authority or right to act for or bind the Company.

B. The powers and duties of the Managing Members hereunder may be exercised in the first instance by one or more Controlling Managing Members. Each Controlling Managing Member is hereby authorized to execute and deliver in the name and on behalf of the Company all such documents and papers (including any required by any Lender or Governmental Agency) as such Controlling Managing Member deems necessary or desirable in carrying out such duties hereunder. CV Managing Member, LLC is hereby designated as the initial Controlling Managing Member; if such Person shall become unable to serve in such capacity or shall cease to be a Managing Member, the remaining Managing Members may from time to time designate from among themselves by consent one or more substitute or additional Controlling Managing Members. If for any reason no designation is in effect, the powers of the Controlling Managing Members shall be exercised by the majority consent of the remaining Managing Members. A designation of a successor as Controlling Managing Member or the designation of an additional Controlling Managing Member pursuant to Section 7.3 or 7.5 shall supersede any designation or other exercise of rights pursuant to this Section 6.3B.

C. In the event that a Material Default, as such term is defined in Section 7.7B of this Agreement occurs and, if a curable Material Default, is not so cured within the time frames set forth in Section 7.7C, or in the event of such Retirement, Recapture Event, Event of Bankruptcy, fraudulent act or fiduciary breach, promptly after the occurrence of such Material Default, the Special Member or any Entity of which a majority of the stock or beneficial interest is owned,

directly or indirectly, by the Special Member or Bank of America, N.A., may, with the Consent of the Investor Member, elect to become an additional Managing Member with all the rights and privileges of a Managing Member. The Special Member shall provide the Managing Members with true and correct copies of the written instruments evidencing such Consent of the Investor Member within ten (10) days after the Special Member s receipt thereof. Upon such election by the Special Member or such Entity and such Consent, the Special Member or such Entity shall automatically become and shall be deemed a Managing Member and each Member hereby irrevocably appoints the Special Member (with full power of substitution) as the attorney-in-fact of such Member for the purpose of executing, acknowledging, swearing to, recording and/or filing any amendment to this Agreement and the Certificate necessary or appropriate to confirm the foregoing. If the Special Member or such Entity shall become an additional Managing Member as herein stated, its Interest shall not be increased thereby (except that the Special Member may assign its Interest to such Entity). In the event of the admission of the Special Member or such Entity as a Managing Member pursuant to this Section 6.3, and if there are then any other Managing Members, the Special Member or such Entity shall have managerial rights, authority and voting rights of 51% on any matters to be decided or voted upon by the Managing Members or the Controlling Managing Member, as the case may be, and the rights and authority of the remaining Managing Members or the Controlling Managing Member, as the case may be, shall be deemed equally divided among them.

Section 6.4 Duties and Obligations of the Managing Members

A. The Managing Members shall use commercially reasonable efforts to carry out the purposes, business and objectives of the Company, and shall devote to Company business such time and effort as may be reasonably necessary to (i) supervise the activities of the Management Agent, (ii) make inspections of the Project to determine if the Project is being properly maintained and that necessary repairs are being made thereto, (iii) prepare or cause to be prepared all reports of operations which are to be furnished to the Members or to any Lender or Governmental Agency, (iv) with the Consent of the Investor Member, elect to defer the commencement of the Credit Period for all or any portion of the low-income housing tax credit allowable to the Members under Section 42(g) of the Code, to the extent that any such deferral may be in the best economic interest of the Investor Member, (v) cause the Project to be insured in accordance with the requirements set forth in **Exhibit C**, and (vi) cause the Company and the Project to comply in all material respects with each of the representations and covenants of the applicant set forth in the Tax Credit Application.

B. Subject to the Project Documents and the requirements of Section 42 of the Code, the Managing Members shall use commercially reasonable efforts consistent with sound management practice to maximize income produced by the Project, including, if necessary, seeking any necessary approvals of, and implementing, appropriate adjustments in the rent schedule of the Project.

C. The Managing Members shall timely execute and record in the appropriate filing office an Extended Use Agreement. The Managing Members shall hold for occupancy such percentage of the apartments in the Project in such a manner as to qualify the entire Project as a qualified low income housing project under Section 42(g) of the Code as interpreted from time to time in regulations and rulings promulgated thereunder. The Managing Members shall not take

any action which would cause the termination or discontinuance of the qualification of the Project as a qualified low income housing project under Section 42(g) of the Code or which would cause the recapture of any Tax Credits without the Consent of the Investor Member.

D. The Managing Members shall prepare and submit to the Secretary of the Treasury (or any other Governmental Agency designated for such purpose), on a timely basis, any and all annual reports, information returns and other certifications and information and shall take any and all other action required (i) to insure that the Company (and its Members) will continue to qualify for Tax Credits to the extent contemplated under this Agreement and (ii) unless the Consent of the Investor Member is received to act otherwise in a particular instance, to avoid recapture of Tax Credits for failure to comply with the requirements of Section 42 of the Code or other applicable law.

E. Except as provided in or contemplated by the Project Documents and the Commitments in existence at Investment Closing, the Managing Members agree that neither they nor any Related Person will at any time bear the Economic Risk of Loss for payment or performance of any Mortgage Loan. Each Managing Member agrees that it will not cause any Non-Managing Member at any time to bear the Economic Risk of Loss for payment or performance under any Note or Mortgage. Each Non-Managing Member agrees not to take any action which would cause it to bear the Economic Risk of Loss for payment of any Mortgage Loan.

F. The Managing Members shall have fiduciary responsibility for the safekeeping and use of all funds and assets of the Company, whether or not in their immediate possession or control. The Managing Members shall not employ, or permit another to employ, such funds or assets in any manner except for the exclusive benefit of the Company.

G. No Managing Member shall contract away the fiduciary duty owed at common law to the Non-Managing Members.

H. The Managing Members shall be solely responsible for the following:

(1) analyzing the Qualified Allocation Plan (QAP) for targeted areas within a state;

(2) identifying potential land sites and analyzing the demographics of potential sites;

(3) analyzing a site s economy and forecasting future growth potential;

(4) determining the site s zoning status and possible rezoning strategies;

(5) contacting local government officials concerning access to utilities, public transportation and local ordinances;

(6) performing environmental tests;

(7) negotiating the purchase of the Land and the financing therefor;

(8) causing the Company to acquire the Land;

(9) processing necessary documentation with the Credit Agency in connection with the Tax Credits;

(10) arranging the permanent mortgage financing for the Project; and

(11) arranging for the admission to the Company of the Investor Member and the Special Member.

In consideration for its services set forth in this Section 6.4H, the Managing Members have received their interests in the profits of the Company as set forth in Section 10.3. The Managing Members shall not assign any of these duties to the Developer.

I. The Managing Members shall (i) not store (except in compliance with applicable Hazardous Waste Laws) or dispose of any Hazardous Material at the Project; (ii) neither directly nor indirectly transport or arrange for the transport of any Hazardous Material to, at or from the Project (except in compliance with applicable Hazardous Waste Laws); (iii) provide the Non-Managing Members with written notice (x) upon any Managing Member s obtaining knowledge of any potential or known release, or threat of release, of any Hazardous Material at or from the Project; (y) upon any Managing Member s receipt of any notice to such effect from any federal, state, or other Governmental Agency and (z) upon any Managing Member s obtaining knowledge of any incurrence of any expense or loss by any such Governmental Agency in connection with the assessment, containment, or removal of any Hazardous Material for which expense or loss any Managing Member may be liable or for which expense or loss a lien may be imposed on the Project.

J. Subject to the terms and conditions of the Purchase Option and Right of First Refusal Agreement, if requested to do so by the Investor Member at any time after the Compliance Period, the Managing Members shall use commercially reasonable efforts to sell or refinance the Project on terms acceptable to the Investor Member. One such action may be to submit a written request to the Credit Agency of the State to find a Person to acquire the Company s interest in the Project and/or take such other action permitted or required by the Code as the Investor Member may reasonably request to effect a sale of the Project pursuant to a qualified contract under Section 42(h)(6)(F) of the Code or to terminate the Extended Use Agreement. Any proposal either from the Credit Agency or from another buyer of the Project which is acceptable to the Investor Member shall be accepted by the Company.

K. In the event that the Investor Member shall give notice to the Managing Members that in the reasonable judgment of the Investor Member depreciation deductions will no longer be allocated to the Investor Member as a result of the treatment of the Development Amount or any other Company indebtedness as a recourse obligation (Related Party Financing), then the Managing Members shall take all such action as may be necessary to assure that any outstanding balance of such Related Party Financing shall constitute a Partnership Nonrecourse Liability and the Investor Member shall give its Consent to allow the Managing Members to take all necessary action, provided such action does not have any negative tax consequences for the Company or the

Investor Member. One such action may be the assignment of the outstanding balance of such Related Party Financing to an Entity which is not a Related Person.

L. The Managing Members shall cause all leases of Units in the Project to contain a provision obligating tenants to notify the Management Agent immediately of any suspected water leaks, moisture problems or mold in Units or common areas of the Project. In addition, the Managing Members shall furnish such reports and implement such actions, if any, required under the provisions of Section 12.1F.

M. Carlton Berra, LLC, a Virginia limited liability company, shall make (i) a timely election to be treated as an association taxable as a corporation, (ii) a timely election to be an S corporation, and (iii) timely election under Section 168(h)(6)(F)(ii) of the Code prior to or in conjunction with the filing of its 2017 federal tax return so that no part of the Project shall constitute tax-exempt use property within the meaning of Section 168(h) of the Code.

N. At the sole cost and expense of the Company, the Managing Member shall cause the Project to be insured in accordance the requirements set forth below and in **Exhibit C** and shall cause the Company to obtain and maintain such other coverage as may be required from time to time by any Lender under the Mortgage Loan Documents or as may be reasonably required from time to time by the Non-Managing Members in order to comply with regular requirements and practices of the Non-Managing Members in similar transactions including, without limitation if and to the extent required by the Non-Managing Members, wind insurance and earthquake insurance, so long as any such insurance is generally available at commercially reasonable premiums as determined by the Non-Managing Members from time to time. Such policies shall include, at a minimum, the following:

(i) Insurance against casualty to the Property under a policy or policies covering such risks as are presently included in special form (also known as all risk) coverage, including such risks as are ordinarily insured against by similar businesses, but in any event including fire, lightning, windstorm, hail, explosion, riot, riot attending a strike, civil commotion, damage from aircraft, smoke, vandalism, malicious mischief and acts of terrorism. Such insurance will list *Bank of America, N.A., a national banking association, as Investor Member, Banc of America CDC Special Holding Company, Inc., a North Carolina corporation, as Special Member, and each of their successors and assigns, as their interests may appear* as additional named insured s and loss payees. Unless otherwise agreed in writing by Non-Managing Member, such insurance will be for the full insurable value of the Property, with a deductible amount, if any, in accordance with the standards set forth on **Exhibit C** and satisfactory to the Investor Member. No policy of insurance will be written such that the proceeds thereof will produce less than the minimum coverage required hereunder by reason of co-insurance provisions or otherwise. The term full insurable value means 100% of the actual replacement cost of the Property (excluding foundation and excavation costs and costs of underground flues, pipes, drains and other uninsurable items). Such insurance will also include:

(a) personal property coverage for building and contents owned by the Company, all subject to a maximum $5,000 deductible amount;

(b) rent loss insurance in an amount equal to annual rental income; and

(c) boiler and machinery insurance on a comprehensive form basis, including repair and replacement coverage and rent loss coverage meeting the requirements of subparagraph (b) above with mechanical breakdown extension, provided that such boiler and machinery insurance is not necessary if the Project does not contain a boiler or other machinery which is covered by such insurance, or the perils which are insured by such boiler and machinery insurance are covered by other insurance maintained by the Company and such coverage is demonstrated to Non-Managing Member s reasonable satisfaction.

(ii) Comprehensive (also known as commercial) general liability insurance on an occurrence basis against claims for personal injury liability and liability for death, bodily injury and damage to property, products and completed operations, in limits satisfactory to Lender with respect to any one occurrence and the aggregate of all occurrences during any given annual policy period, with a minimum combined single limit of $5,000,000. Such insurance will list *Bank of America, N.A., a national banking association, as Investor Member, Banc of America CDC Special Holding Company, Inc., a North Carolina corporation, as Special Member, and each of their successors and assigns, as their interests may appear* as additional named insured s and loss payees.

(iii) During any period of construction upon the Property, the Managing Member will cause the Company to maintain, or cause others to maintain, builder s risk insurance (non-reporting form) of the type customarily carried in the case of similar construction for 100% of the full replacement cost of work in place and materials stored at or upon the Property.

(iv) If at any time any portion of any structure on the Property is insurable against casualty by flood and is located in a Special Flood Hazard Area under the Flood Disaster Protection Act of 1973, as amended, a flood insurance policy in form and amount acceptable to Non-Managing Member but in no amount less than the amount sufficient to meet the requirements of applicable Law as such requirements may from time to time be in effect.

(v) Loss of rental value insurance or business interruption insurance in an amount acceptable to Non-Managing Member, for a minimum 12 month period, or until the Units have been brought back to their original state, plus an extended period of indemnity for at least three (3) additional months to re-lease the repaired Units.

(vi) In addition to the foregoing, the Managing Member will cause the Builder to provide and maintain comprehensive (commercial) general liability insurance and workers compensation insurance for all employees of the Builder meeting, respectively, the requirements hereunder.

Each policy of insurance (i) must be issued by one or more insurance companies each of which must have an A.M. Best s Company financial and performance rating of A-IX or better and be qualified or authorized by the Laws of the State to assume the risks covered by such policy, (ii) must provide that such policy will not be canceled or modified without at least 30 days prior written notice to Investor Member, and (iii) will provide that any loss otherwise payable thereunder will be payable notwithstanding any act or negligence of the Company or the Managing Member which might, absent such agreement, result in a forfeiture of all or a part of such insurance payment. The Managing Member may satisfy any insurance requirement hereunder by providing one or more blanket insurance policies, subject to the Investor Member s approval in each instance as to limits, coverages, forms, deductibles, inception and expiration dates, and cancellation provisions.

O. The Managing Member shall review regularly all of the insurance coverages to insure that all such policies are in effect and in compliance with the terms of this Agreement and the Mortgage Loan Documents. The Managing Member will cause the Company to promptly pay all premiums when due on such insurance and, not less than 15 days prior to the expiration dates of each such policy, the Managing Member will deliver to the Investor Member acceptable evidence of insurance, such as a renewal policy or policies marked premium paid or other evidence satisfactory to the Investor Member reflecting that all required insurance is current and in force. The Managing Member will immediately give written notice to the Investor Member of any cancellation of, or change in, any insurance policy. From time to time following the Admission Date, the Managing Member shall deliver to the Special Member such further certificates or memoranda of insurance as the Special Member may reasonably require to confirm that such insurance and notice provisions with respect to insurance under this Agreement have been complied with. The Investor Member will not, because of accepting, rejecting, approving or obtaining insurance, incur any liability for (i) the existence, nonexistence, form or legal sufficiency thereof, (ii) the solvency of any insurer, or (iii) the payment of losses.

P. The Managing Member shall have the following duties and obligations with respect to a casualty or condemnation affecting all or a portion of the Project:

(i) In the event of any fire or other casualty to the Project (or any portion thereof) or any eminent domain or similar proceedings resulting in any condemnation or taking of the Project (or any portion thereof), the Managing Member will promptly give the Investor Member written notice thereof. To the extent Net Proceeds are available for rebuilding or restoration (net of expenses reasonably incurred in obtaining such proceeds and subject to the rights and any applicable approval of the Lenders), the Managing Member will rebuild or restore the Project, as the case may be, in such a manner as will as fully as possible implement the Initial Economic Projections. Any Net Proceeds that are not fully expended in such rebuilding or restoring will constitute Capital Transaction proceeds. In connection with any such rebuilding or restoring, the Managing

Member will seek legal, tax, and accounting counsel and take all necessary or advisable steps to preserve as fully as possible the Initial Economic Projections.

(ii) Notwithstanding the provisions of subparagraph (i) above, if it is impossible or unlikely that rebuilding or restoring the Project (or the affected portion thereof) can be accomplished with the Insurance Proceeds or Condemnation Awards available therefor, or if the projected tax benefits to the Investor Member from rebuilding or restoring the Project would be substantially equivalent to or less than the tax benefits to Investor Member without rebuilding or restoring the Project, then, subject to the provisions of subparagraph (iii) below, the Managing Member will refrain from rebuilding or restoring the Project and proceed to utilize any Net Proceeds as proceeds of a Capital Transaction.

(iii) The Investor Member, by written notice to the Managing Member, may elect to cause the Company to rebuild or restore the Project (or the affected portion thereof) under the circumstances described in subparagraph (ii) if the reason that subparagraph (ii) is applicable is because it is impossible or unlikely that rebuilding of the Project can be accomplished with the amount of the Insurance Proceeds or Condemnation Proceeds available therefor provided and on the condition that the Investor Member agrees to provide such additional amounts as the Investor Member may deem necessary to cover such deficit. In such event, the Managing Member will rebuild or restore the Project as provided in subparagraph (i) above to the extent feasible given the amount of funds available for such rebuilding or restoring. Any funds provided by the Investor Member under this subparagraph (iii) will be deemed to be additional Capital Contributions to the Company by the Investor Member which will have a priority return as set forth in Sections 10.1A and 10.1B.

(iv) In the event of any casualty or taking of the Project or any portion thereof, except under circumstances in which portions of the Project are unaffected by the casualty or condemnation or are rebuilt or restored as contemplated under this Section 6.4P, the Managing Member will, unless the Investor Member consents in writing to an alternative proposal, proceed to terminate and liquidate the Company, sell Company assets, repay indebtedness, and distribute proceeds of Capital Transactions to the Members as provided in Section 10.2. In the event of a rebuilding or restoration, the Managing Member will have no obligation to enter into construction or rehabilitation contracts at a price exceeding the amount of the Net Proceeds available for rebuilding or restoring.

(v) Nothing contained in this Section 6.4P will be construed to affect the Managing Member s liability for any failure to provide insurance to the full extent required under this Agreement. Notwithstanding the provisions of this Section 6.4P, the Managing Member and Guarantor shall be responsible for the costs of rebuilding or restoring the Project as a result of any uninsured casualty. For purposes of this Section 6.4P(v), any casualty loss which is uninsured because the Managing Member requested and the Investor Member approved a waiver from the insurance requirements set forth in this Agreement, shall be deemed to be an

uninsured casualty for which the Managing Member and Guarantor bear sole responsibility.

(vi) The Managing Member acknowledges that the Investor Member will not be obligated to approve any Mortgage Loan Document which restricts the use of Insurance Proceeds and Condemnation Awards regarding restoration and reconstruction of the Project in a manner which is inconsistent with the provisions of this Section 6.4P.

Q. The Managing Member will cause the Company to make the election under Section 168(k)(2)(D)(iii) of the Code to opt out of bonus depreciation that may apply to any personal property and site work costs placed in service.

R. The Managing Member will provide counsel to the Special Member with drafts of the First Mortgage Loan Documents and HOME Loan Documents for their review and approval prior to their execution by the Managing Member on behalf of the Company.

Section 6.5 Representations, Warranties and Covenants

A. The Managing Members hereby represent and warrant to the Investor Member that the following are true as of Investment Closing, will be true on the due date for payment of each Installment and at all times hereafter:

(i) The Company is a duly organized limited liability company validly existing under the laws of the State and has complied with all recording requirements with each proper Governmental Agency necessary to establish the limited liability of the Non-Managing Members as provided herein.

(ii) No litigation or proceeding against the Company, any Managing Member, Guarantor, or, the Developer, nor any other litigation or proceeding directly affecting the Project, is pending before any court, administrative agency or other Governmental Agency which would, if adversely determined, have a material adverse effect on the Company, any Managing Member, Guarantor, the Developer or their respective businesses or operations, except for such matters as to which the likelihood of such a determination adverse to the Company is, in the opinion of Company Counsel or other counsel acceptable to the Investor Member, remote. This representation shall only apply to the Developer prior to the Development Obligation Date.

(iii) No default by any Managing Member, any Affiliate thereof having any relationship with the Project, or the Company, in any material respect has occurred or is continuing (nor has there occurred any continuing event which, with the giving of notice or the passage of time or both, would constitute such a default in any material respect) which default is beyond any applicable notice and cure period under any of the Project Documents.

(iv) The Project Documents are in full force and effect (except to the extent fully performed in accordance with their respective terms).

(v) All accounts and reserves are fully funded to the extent currently required by the Project Documents and this Agreement.

(vi) Except for the Sponsor Loan and except for carve-outs in the Mortgage Loan Documents related to situations involving fraud or willful misrepresentation, the failure to pay taxes, the misappropriation of funds, and similar commercially reasonable exceptions that are standard in transactions of this type, no Member, nor any related person, bears any Economic Risk of Loss with respect to any of the Mortgage Loans or, with the exception of any Deferred Development Amount, any other indebtedness incurred by the Company.

(vii) All building, zoning and other applicable certificates, permits, approvals and licenses necessary to permit the construction, rehabilitation, repair, use, occupancy and operation of the Project have been obtained (other than prior to completion of the Project or a specified portion thereof, such as will be issued only after the completion of the Project or such specified portion thereof) and neither the Company nor any Managing Member has received any notice or has any knowledge of any violation with respect to the Project of any law, rule, regulation, order or decree of any Governmental Agency having jurisdiction which would have a material adverse effect on the Project or the construction, use or occupancy thereof, except for violations which have been cured and notices or citations which have been withdrawn or set aside by the issuing agency or by an order of a court of competent jurisdiction.

(viii) The Company owns the fee simple interest in the Property and has good and marketable title thereto, free and clear of any liens, charges or encumbrances other than the Mortgages, tax liens for taxes not yet due and payable, matters set forth in the Title Policy delivered at Investment Closing, encumbrances the Company is permitted to create under Sections 2.4 and 6.1, and mechanics or other liens which have been bonded or insured against in such a manner as to preclude the holder of such lien or such surety or insurer from having any recourse to the Property or the Company for payment of any debt secured thereby. None of the liens, charges, encumbrances or exceptions set forth in the Title Policy delivered at Investment Closing has or will have a material adverse effect upon the construction or operation of the Project.

(ix) The execution and delivery of all instruments and the performance of all acts heretofore or hereafter made or taken or to be made or taken, pertaining to the Company or the Property by any Managing Member or an Affiliate thereof which is an Entity have been or will be duly authorized by all necessary action, and the consummation of any such transactions with or on behalf of the Company will not constitute a breach or violation of, or a default under, the organizational documents of any such Entity or any agreement by which any such Entity or any of its properties is bound, nor constitute a violation of any law, administrative regulation or court decree. Each such Entity is duly organized and validly existing under the law of the state of its organization.

(x) No Managing Member is in default in any material respect in the observance or performance of any provision of this Agreement to be observed or performed by such Managing Member.

(xi) The Related Agreements are in full force and effect (except to the extent fully performed in accordance with their respective terms) and no default by any party thereto (other than the Investor Member or its Affiliates) has occurred or is continuing thereunder (nor has there occurred any event which, with the giving of notice or the passage of time, or both, would constitute such a default in any material respect thereunder).

(xii) No Event of Bankruptcy has occurred and is continuing with respect to the Company, any Managing Member, any Guarantor or the Developer.

(xiii) The Project will qualify, on and after the Completion Date, as a qualified low-income housing project under Section 42(g) of the Code and all Low Income Units in the Project will qualify as low income units under Section 42(i)(3) of the Code.

(xiv) The Project will be operated so that it will meet (and an appropriate election has been or will be made with respect to) the 40-60 set-aside test set forth in Section 42(g)(1)(B) of the Code (the **Minimum Set-Aside Test**) as of the dates established by Section 42(g)(3) of the Code and at all times thereafter through the end of the Compliance Period. The Company will elect to treat all of the Buildings comprising the Project as a single project for purposes of satisfying the Minimum Set-Aside Test.

(xv) All tax returns, financial statements, Schedules K-1 and reports due under Section 12 and **Exhibit K** have been properly filed (or, with the Consent of the Special Member, an extension thereof has been properly filed) and/or transmitted, as applicable.

(xvi) No Managing Member, Affiliate of a Managing Member, or Person for whose conduct any Managing Member is or was responsible has ever: (i) directly or indirectly transported, or arranged for transport, of any Hazardous Material to, at or from the Project (except if such transport was or is at all times in compliance with applicable Hazardous Waste Laws); (ii) caused or was legally responsible for any release or threat of release of any Hazardous Material at the Project; (iii) received notification from any federal, state or other Governmental Agency of (x) any potential, known, or threat of release of any Hazardous Material from the Project; or (y) the incurrence of any expense or loss by any such Governmental Agency or by any other Person in connection with the assessment, containment, or removal of any release or threat of release of any Hazardous Material from the Project.

(xvii) To the best of the Managing Members knowledge, no Hazardous Material was ever or is now stored on, transported or disposed of on the Land

(except to the extent any such storage, transport or disposition was at all times in compliance with all Hazardous Waste Laws and except as disclosed in any Environmental Reports provided to the Investor Member).

(xviii) No Managing Member, Affiliate of a Managing Member, shareholder of a Managing Member, director of a Managing Member, officer of a Managing Member or manager of a Managing Member has ever (i) been convicted of a crime; (ii) had a judgment entered against them for fraud, willful misconduct or breach of fiduciary duty; or (iii) been sanctioned by HUD, the Securities and Exchange Commission or any other government agency.

(xix) There are currently no criminal or civil actions or administrative proceedings pending against the Managing Members or their Affiliates, shareholders, directors, officers or managers.

(xx) The Adjusted Aggregate Federal Low Income Tax Credit Amount shall be at least $6,949,305; *provided*, *however*, that the Investor Member s remedy for a breach of this representation shall be payment of Tax Credit Shortfall Payments pursuant to Section 5.2 of this Agreement.

(xxi) If the Project is placed in service in 2016, the Company will make the election under Section 42(f)(1)(B) of the Code to defer the start of the Credit Period until 2017.

(xxii) Each of the representations and disclosures made by the Company to the Credit Agency in the Tax Credit Application upon which the Credit Agency s Carryover Allocation was based, is true and correct in all material respects as of the date hereof. Each of the covenants, agreements, and conditions contained in the Credit Application and the Carryover Allocation have been duly performed or satisfied by the Company or the Managing Member, as applicable, to the extent that performance of any such covenant or agreement or satisfaction of any conditions is required on or prior to the date hereof, and the Managing Member has no reason to believe that the covenants, agreements, and conditions required to be performed or satisfied after the date hereof will not be performed or satisfied in a timely manner.

(xxiii) The Company s basis in the Project as of December 16, 2015 was greater than 10% of the Company s reasonably expected basis in the Project as of December 31, 2017 and each Building will be placed in service no later than December 31, 2017.

(xxiv) No employees shall be engaged by the Company.

(xxv) The fees payable by the Company to the Managing Member or its Affiliates, as set forth herein or the other Project Documents, are reasonable in amount and ordinary and customary in nature for the services to be provided, reflect the value of the services to which the fees relate, and are consistent with those paid in other similar projects of which the Managing Member and its Affiliates have knowledge. Such fees have been or will be disclosed to the Credit Agency for the

purpose of the determination by the Credit Agency of the financial feasibility and viability of the Property pursuant to Section 42(m)(2) of the Code.

(xxvi) None of the Mortgage Loans are subject to covenants requiring maintenance of specified debt service coverage or loan-to-value ratios.

(xxvii) None of the Managing Members nor any of their controlling principals are on the list of Specially Designated Nationals and Blocked Persons promulgated by the U.S. Department of Treasury.

(xxviii)No Disqualifying Event has occurred and is continuing.

(xxix) The Managing Members shall cause the Company to:

(a) maintain its books and records separate from those of any other Person or Entity, including the Managing Members or any Affiliates of the Company;

(b) except as specifically permitted by the Project Documents, not commingle assets with those of any other Entity, including its Managing Members or any Affiliates of the Company;

(c) conduct its own business in its own name or the name of the Project so as not to mislead others as to the identity of such Entity;

(d) maintain separate financial statements from any other Person or Entity, including the Managing Members or any Affiliates of the Company;

(e) except as specifically permitted by the Project Documents or this Agreement, pay its own liabilities out of its own funds;

(f) observe all limited liability company formalities including without limitation holding all meetings and obtaining all consents required by this Agreement;

(g) maintain an arm s-length relationship with its Affiliates;

(h) except as specifically permitted by the Project Documents, not guarantee or become obligated for the debts of any other Entity or hold out its credit as being available to satisfy the obligations of others, including the Managing Members or any Affiliates of the Company;

(i) allocate fairly and reasonably any overhead for shared office space or other similar expenses;

(j) use invoices and checks separate from any other Person or Entity, including the Managing Members or any Affiliates of the Company; and

(k) hold itself out as and operate as an Entity separate and apart from any other Entity, including the Managing Members or any Affiliates of the Company.

(xxx) There will be no real estate transfer taxes due to the State or any other Governmental Agency as a result of the admission of the Investor Member to the Company or any subsequent direct or indirect Transfer of membership interests in the Investor Member.

(xxxi) The Managing Members represent that the land that is the subject of the Environmental Reports is the same land that is described in Schedule A of the Title Policy.

(xxxii) The Managing Member will give prompt notice to the Investor Member of any casualty or any condemnation or threatened condemnation of the Property. The Managing Member will diligently assert the Company s rights and remedies with respect to each claim and to promptly pursue the settlement and compromise of each claim subject to the Consent of the Investor Member, which Consent will not be unreasonably withheld or delayed.

(xxxiii)Except with the Consent of the Non-Managing Member, and subject to the rights of any Lender, Net Proceeds will be utilized for the restoration of the Property. Unless otherwise required by Lender, Net Proceeds pending the restoration of the Property, together with any other funds deposited with the Investor Member for that purpose, must be deposited in an interest-bearing account approved of by the Investor Member.

(xxxiv)Neither the Managing Member nor the Company will knowingly do or permit to be done anything that would affect the coverage or indemnities provided for pursuant to the provisions of any insurance policy, performance bond, labor and material payment bond or any other bond given in connection with the construction of the Improvements.

(xxxv) During the Compliance Period, the Company will operate the Project in accordance with the requirements of Section 5G of the Extended Use Agreement, so that the PACE Subsidy is in effect with respect to at least 14 Units.

(xxxvi)During the Compliance Period, the Managing Member will comply with Section 7 of the Extended Use Agreement, so that, through the Compliance Period, PHA (or any successor approved by VHDA) will own a ten percent interest in the Managing Member.

(xxxvii) All of the representations and warranties set forth in the Closing Certificate are true and correct.

Section 6.6 Indemnification

A. Each Managing Member (including any Retired Managing Member) shall be indemnified by the Company against any losses, judgments, liabilities, expenses and amounts paid in settlement of any claims sustained by him or it in connection with the Company, *provided that* the same were not the result of negligence or willful misconduct on the part of any Managing Member or any of its Affiliates and were the result of a course of conduct which such Managing Member, in good faith, determined was in the best interest of the Company. Any indemnity under this Section 6.6A shall be provided out of and to the extent of Company assets only, and no Non-Managing Member shall have any personal liability on account thereof; *provided*, *however*, that no indemnification shall be provided for any losses, liabilities or expenses arising from or out of any alleged violation of federal or state securities laws unless (i) there has been a successful adjudication on the merits of each count involving alleged securities law violations as to the particular indemnitee and the court approves indemnification of litigation costs; (ii) such claims have been dismissed with prejudice on the merits by a court of competent jurisdiction as to the particular indemnitee and the court approves indemnification of litigation costs; or (iii) a court of competent jurisdiction approves a settlement of the claims against a particular indemnitee and finds that indemnification of the settlement and related costs should be made.

B. The Company shall not incur the cost of that portion of any insurance which insures any party against any liability as to which such party is herein prohibited from being indemnified.

C. The Managing Members agree promptly to indemnify, defend and hold harmless the Company and the Non-Managing Members from and against any and all claims, losses, damages, costs, expenses and liabilities which the Company and the Non-Managing Members may incur by reason of any liabilities to which either the Company or the Project is subject at the Investment Closing; *provided*, *however*, that the foregoing indemnification shall not apply to any Mortgage, necessary contractual obligations normally incurred in connection with the Property, or to acts for which such Managing Members are entitled to indemnification under Section 6.6A.

D. The Managing Members agree to promptly indemnify, defend, and hold harmless the Company and the Non-Managing Members from and against any claims, losses, damages, costs, expenses or liabilities which the Company and the Non-Managing Members may incur on account of the presence or escape of any Hazardous Material at or from the Property (or at any other location). Any such claims, losses, damages, costs, expenses or liabilities may be defended, compromised, settled, or pursued by the Non-Managing Members with counsel of the Non-Managing Members selection, but at the expense of the Managing Members. The foregoing indemnification shall be a recourse obligation of the Managing Members and shall survive the dissolution of the Company and/or the death, retirement, incompetency, bankruptcy or withdrawal of any Managing Member.

E. The Managing Members shall defend, indemnify and hold harmless the Company and the Non-Managing Members from any liability, loss, damage, fees, costs and expenses, judgments or amounts paid in settlement incurred by reason of any demands, claims, suits, actions or proceedings arising out of the Managing Members or any Designated Affiliate s negligence, misconduct, fraud, breach of fiduciary duty or breach of this Agreement, including without limitation any breach by any Managing Member or any Designated Affiliate of any representation,

warranty, covenant or agreement set forth in Section 6.5 or elsewhere in this Agreement, including all reasonable legal fees and costs incurred in defending against any claim or liability or protecting itself or the Company from, or lessening the effect of, any such breach. The foregoing indemnification shall be a recourse obligation of the Managing Members and shall survive the dissolution of the Company and/or the death, retirement, incompetency, bankruptcy or withdrawal of any Managing Member.

F. Each Non-Managing Member shall be indemnified by the Company against any third-party claims or costs sustained or incurred by it in connection with its involvement in the Company, *provided that* the same were not the result of any improper action or omission on the part of such Non-Managing Member or any Affiliate thereof.

Section 6.7 Obligation to Complete Construction and to Pay Development Costs

The Managing Member shall (i) complete the construction of the Improvements 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 Improvements or cause the same to be equipped with all necessary and appropriate fixtures, equipment and articles of personal property, including refrigerators and ranges, all in accordance with the Project Documents and the drawings and specifications forming a part of the Construction Contract and (ii) cause the Company to satisfy any other requirements necessary to achieve Final Closing in accordance with the Project Documents. If the Designated Proceeds as available from time to time are insufficient to pay all Development Costs, the Managing Member 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 the Lenders and the Agency (or otherwise with any Requisite Approvals), be reimbursed at or prior to the Development Obligation Date (or, in the case of proceeds of Capital Contributions, through the date on which such Capital Contributions are received by the Company) only out of Designated Proceeds available from time to time after payment of all Development Costs. Development Advances up to the amount of the Development Amount may be treated as Development Deficit Loans and repaid in accordance with Article X of this Agreement. Any Development Advance in excess of the permitted Development Deficit Loans not reimbursed through the Development Obligation Date (or, in the case of proceeds of Capital Contributions, through the date on which such Capital Contributions are received by the Company) shall not be reimbursable, shall not be credited to the Capital Account of the Managing Member, or otherwise change the Interest of any Person in the Company, but shall be borne by the Managing Member under the terms of this Section 6.7.

Section 6.8 Obligation to Provide for Operating Expenses

A. During the period (the Operating Expense Loan Period) commencing on the Admission Date and ending on the third (3rd) anniversary of the later to occur of (A) the Development Obligation Date or (B) achievement of 115% Debt Service Coverage Ratio for a period of twelve (12) consecutive calendar months commencing after Final Closing, the Managing Members agree that if the Company requires funds to discharge Operating Expenses (other than to make payments to Members, payments of any outstanding Operating Expense Loans or other obligations herein provided to be payable solely out of Cash Flow or distributions of proceeds

from a Capital Transaction), the Managing Members shall furnish to the Company the funds required. Amounts so furnished to fund Operating Expenses incurred prior to the Development Obligation Date shall be deemed Special Capital Contributions. Amounts furnished to fund Operating Expenses incurred on or after the Development Obligation Date shall constitute Operating Expense Loans. Operating Expense Loans shall not bear interest and be repayable only as provided in Article X. Notwithstanding the foregoing, however, the Managing Members shall not be obligated to make Operating Expense Loans under this Section 6.8A to the extent that the outstanding aggregate principal amount of such Operating Expense Loans would exceed $192,532. Operating Expense Loans may be funded and subsequently repaid in whole or in part by the Company, and the Managing Member s obligation to make additional Operating Expense Loans will be reinstated to the extent that any Operating Expense Loans have been repaid. In addition, in order for the Operating Expense Loan Period to terminate the amount of funds then available in the Operating Reserve must equal or exceed $195,534 and the Company must have achieved an average Debt Service Coverage Ratio of 115% for a period of twelve (12) consecutive calendar months ending no earlier than the third anniversary described in the first sentence of this Section 6.8A.

Section 6.9 Certain Payments to the Managing Members and Affiliates

A. For its services in connection with the development of the Property and the supervision to completion of the construction of the Improvements and as reimbursement for Development Advances, the Developer shall be entitled to receive the amounts set forth in the Development Agreement.

B. In consideration of its services in the day-to-day administration of the business affairs of the Company, the Managing Members shall receive a Company Management Fee in an amount equal to $5,000 per annum. Such fee shall be payable in accordance with the Company Management Agreement and Article X.

C. All of the Company s expenses shall be billed directly to, and paid by, the Company to the extent practicable. Subject to the terms of this Agreement, reimbursements to a Managing Member or any of its Affiliates by the Company shall be allowed subject to the following conditions:

(i) such goods or services must be necessary for the prudent formation, development, organization or operation of the Company;

(ii) reimbursement for goods or services provided by Persons who are not affiliated with a Managing Member shall not exceed the cost to a Managing Members or their Affiliates of obtaining such goods or services; and

(iii) reimbursement for goods and services obtained directly from a Managing Member or its Affiliates shall not exceed the amount the Company would be required to pay independent parties for comparable goods and services in the same geographic location and shall not include reimbursement for the general overhead of the Managing Members or their Affiliates (including salaries and benefits of employees thereof).

D. Neither the Managing Members nor any of their Affiliates shall be entitled to any compensation, fees or profits from the Company in connection with the acquisition, construction, development or rent-up of the Land or Improvements or for the administration of the Company s business or otherwise, except for (i) payments provided for or referred to in Sections 2.4(v) or 6.9, (ii) payments of the Management Fee, the Company Management Fee, Construction Supervision Fee] and Incentive Management Fee, (iii) fees and distributions under Article X, (iv) such other fees and distributions as may be permitted to be paid by any Lender or the Governmental Agency out of the proceeds of any Mortgage Loan.

Section 6.10 Joint and Several Obligations

If there is more than one Managing Member, all obligations of the Managing Members hereunder shall be joint and several obligations of the Managing Members, except as herein expressly provided to the contrary.

Section 6.11 Reserve Accounts

A. The Managing Members shall establish a reserve account for capital replacements (the Replacement Reserve), which account shall be funded commencing in the first month of the year in which the Completion Date is achieved, by monthly deposits of $1,350 which amount equals $16,200 per year or $300 per unit per year (or such greater amount as may be required by any Lender or, subject to any Requisite Approvals, such lesser amount as shall be approved in writing by the Special Member from time to time), increasing 3% per year, commencing on the date of Permanent Mortgage Commencement. Withdrawals from such reserve shall be utilized solely to fund capital repairs and improvements deemed necessary by the Managing Members.

B. The Managing Members shall cause the Company to establish a reserve account for Operating Deficits (the Operating Reserve) in the initial amount of $195,534. The Operating Reserve shall be funded in the first instance from the proceeds of the Fifth Installment of the Capital Contributions of the Investor Member; *provided*, *however*, that if for any reason such proceeds shall be insufficient to fully fund the Operating Reserve at such time, the Managing Members shall promptly fund any such shortfall. Any amount so furnished by the Managing Members shall constitute a Special Capital Contribution. Funds in the Operating Reserve may be used to pay, to the extent required, Operating Expenses, subject to any Requisite Approvals and the Consent of the Investor Member. The Operating Reserve shall be maintained throughout the Compliance Period. Upon expiration of the Compliance Period, any funds remaining in the Operating Reserve shall be released in accordance with Section 10.1A. Notwithstanding the foregoing, to the extent an Unpaid Fee (as defined in Section 4.1(B)) exists on the thirteenth anniversary of the Completion Date, if permitted by the Lender, the Managing Member may use the Operating Reserve to pay the Unpaid Fee.

ARTICLE VII

WITHDRAWAL AND REMOVAL OF A MANAGING MEMBER

Section 7.1 Voluntary Withdrawal

No Managing Member shall have the right to withdraw or Retire voluntarily from the Company or sell, assign or encumber its Interest without the Consent of the Investor Member and any Requisite Approvals.

Section 7.2 Obligation to Continue

In the event of the Retirement of any Managing Member, the remaining Managing Members, if any, and any successor Managing Member shall have the obligation to continue the business of the Company employing its assets and name. Immediately after the occurrence of such Retirement, the remaining Managing Members, if any, shall notify the Investor Member thereof.

Section 7.3 Successor Managing Member

A. Upon the occurrence of any Retirement, the remaining Managing Members may designate a Person to become a successor Managing Member to the Retired Managing Member. Any Person so designated, subject to any Requisite Approvals, the Consent of the Investor Member and, if required by the Uniform Act or any other applicable law, the consent of any other Member so required, shall become a successor Managing Member.

B. If any Retirement shall occur at a time when there is no remaining Managing Member and no successor Managing Member is to be admitted pursuant to Section 7.3A or the remaining Managing Members do not elect to continue the business of the Company pursuant to Section 7.2, then the Investor Member shall have the right, subject to any Requisite Approvals and Section 6.3C, to designate a Person to become a successor Managing Member.

C. If the Investor Member elects to reconstitute the Company and admit a successor Managing Member pursuant to this Section 7.3, the relationship of the Members in the reconstituted Company shall be governed by this Agreement.

Section 7.4 Interest of Predecessor Managing Member

A. Except as provided in Section 7.3A, no assignee or transferee of all or any part of the Interest of a Managing Member shall have any automatic right to become a Managing Member. Until the acquisition of the Interest of a Retiring Managing Member pursuant to Section 7.4C or 7.7, such Interest shall be deemed to be that of an assignee and the holder thereof shall be entitled only to such rights as an assignee may have as such under the laws of the State.

B. Anything herein contained to the contrary notwithstanding, any Managing Member withdrawing voluntarily in violation of Section 7.1 shall remain liable for all of its obligations under this Agreement, for all its other obligations and liabilities hereunder incurred or accrued prior to the date of its withdrawal and for any loss or damage which the Company or any of its Members may incur as a result of such withdrawal (except as provided in Section 6.7), except for any loss or damage attributable to the default, negligence or misconduct of a successor Managing Member admitted in its place under this Agreement.

C. The disposition of the Managing Member Interest of a Managing Member Retiring voluntarily in compliance with this Agreement shall be accomplished in such manner as shall be acceptable to the remaining Managing Members, shall be approved by Consent of the Investor Member and shall have obtained any Requisite Approvals. Any other Retirement of a Managing Member shall be governed by Section 7.7D.

Section 7.5 Designation of New Managing Members

The Managing Members may, with the written consent of all Members, at any time designate new Managing Members, each with such Interest as a Managing Member in the Company as the Managing Members may specify, subject to any Requisite Approvals.

Any new Managing Member shall, as a condition of receiving any interest in the Company property, agree to be bound by the Project Documents and any other documents required in connection therewith and by the provisions of this Agreement, to the same extent and on the same terms as any other Managing Member.

Section 7.6 Amendment of Certificate; Approval of Certain Events

Upon the admission of a new Managing Member, the Schedule shall be amended to reflect such admission and an amendment to the Certificate, also reflecting such admission, shall be filed as required by the Uniform Act.

Each Member hereby consents to and authorizes any admission or substitution of a Managing Member or any other transaction, including, without limitation, the continuation of the Company business, which has been authorized under the provisions of this Agreement, and hereby ratifies and confirms each amendment of this Agreement necessary or appropriate to give effect to any such transaction.

Section 7.7 Removal or Nonconsensual Retirement of the Managing Members

A. In addition to any other rights granted to the Non-Managing Members hereunder, the Special Member shall have the right to remove and replace the Managing Member in accordance with the provisions of this Section 7.7 if a Material Default occurs and is not cured within the time period set forth in this Section 7.7. If at any time there is more than one Managing Member, all Managing Members may be removed and replaced in accordance with the provisions of this Section 7.7 in the event of a Material Default by any Managing Member.

B. As used in this Section 7.7, Material Default means the occurrence of any of the following events:

(i) a breach by any Managing Member (or any of its Affiliates) of any of its representations or warranties contained herein or in the performance of any of its obligations under this Agreement or any Related Agreement which breach has or may have a material adverse effect upon the Company, the Investor Member or the Project;

(ii) a violation by any Managing Member of any law, regulation or order applicable to the Company, or a material breach by the Company or any Managing Member under any Project Document or other material agreement or document affecting the Company or the Project which has or may have a material adverse effect on the Company, the Investor Member or the Project;

(iii) an Event of Bankruptcy as to any Managing Member, any Guarantor or the Company;

(iv) the commencement of foreclosure proceedings with respect to any Mortgage which have not been withdrawn or dismissed within sixty (60) days after the date of such commencement; or

(v) gross negligence, fraud, willful misconduct, misappropriation of Company funds, or a breach of fiduciary duty by a Managing Member or any Affiliate of a Managing Member providing services to or in connection with the Company or the Project.

C. In the event that the Special Member determines to remove any Managing Member pursuant to the provisions of this Section 7.7, the Special Member shall notify the Managing Member in writing of the Material Default that is the cause for the removal of the Managing Member (any such notice being referred to herein as a Removal Notice and the date of such Removal Notice being referred to herein as the Removal Notice Date). In the case of any Material Default described in clauses (i), (ii) or (iii) of Section 7.7B above, the Managing Member shall have thirty (30) business days (or sixty (60) business days if it is a non-monetary default) from the Removal Notice Date to cure the Material Default; *provided*, *however*, that if a non-monetary Material Default cannot be reasonably cured within thirty (30) business days, the Managing Member shall not be removed if the Managing Member commences such cure within thirty (30) business days and proceeds in good faith to cure diligently thereafter, provided that the cure is completed within sixty (60) business days following the Removal Notice Date (or such lesser period as is required to cure the Material Default), and the failure to cure such Material Default within a shorter period does not have a material adverse effect on the Company, the Property, or the Investor Member. For purposes of this paragraph, the failure to provide or maintain any insurance required by this Agreement shall be deemed to be a monetary default. If the Managing Member fails to cure within the specified time period, or if no cure right is afforded under the terms hereof, the removal of the Managing Member shall be deemed to be effective as of the expiration of any applicable cure period described above; otherwise, such removal shall be effective upon the conclusion of the applicable cure period without a cure of such Material Default reasonably acceptable to the Investor Member. The Managing Member shall have no right to cure any Material Default described in clause (v) of Section 7.7B above. Each Member hereby irrevocably appoints the Special Member (with full power of substitution) as the attorney-in-fact of such Member for the purpose of executing, acknowledging, swearing to, recording and/or filing any amendment to this Agreement or the Certificate necessary or appropriate to confirm the foregoing, as well as any document associated with the bank accounts of the Company.

D. If a Managing Member is removed pursuant to this Section 7.7, Retires voluntarily in violation of this Agreement or involuntarily Retires, the Company shall pay to such Managing

Member in the manner set forth in Section 7.7G an amount equal to (x) the sum of (i) an amount equal to the Managing Member s positive Capital Account balance, if any, following a deemed sale of all Company property and a deemed liquidation of the Company (but prior to any deemed distributions upon liquidation), (ii) the unpaid principal balance of any Operating Expense Loans, and (iii) any fees owed to the Managing Member and/or its Affiliates in the manner described in Section 7.7E below minus (y) an amount equal to any Adverse Consequences suffered by the Company or the Non-Managing Members as a result of the acts or omissions of the Managing Member prior to its removal or Retirement, including, without limitation, any Material Default creating the right of the Special Member to remove the Managing Member pursuant to the provisions of this Section 7.7. Any transfer taxes that are triggered by the removal or Retirement and the cost of any additional title insurance or title endorsements deemed to be necessary by the Special Member as a result of such removal or Retirement shall be paid by the removed or Retired Managing Member. The resulting amount is referred to herein as the Withdrawal Purchase Price. Notwithstanding the foregoing, the Withdrawal Purchase Price shall not exceed the amount which the removed or Retired Managing Member would have received under Section 10.1B from a deemed sale of the Project on the Removal Notice Date or the date of Retirement (as applicable), based on the Appraised Value of the Project determined under Section 7.7F below plus, as set forth below in Section 7.7E, the amount of any unpaid fees owed to the Managing Member or its Affiliates including, without limitation, any unpaid Development Amount.

E. In the event of the removal of the Managing Member pursuant to the provisions of this Section 7.7, voluntary Retirement of the Managing Member in violation of this Agreement or involuntary Retirement of the Managing Member, ***any fees owed to the Managing Member or its Affiliates (including, without limitation, any unpaid Development Amount) for services performed prior to the Removal Notice Date or date of Retirement, as applicable, shall be added to the Withdrawal Purchase Price as described above***, *provided*, *however*, that (i) if any Adverse Consequences suffered by the Company or the Non-Managing Members exceed the Withdrawal Purchase Price as calculated pursuant to the provisions of Section 7.7D above, or (ii) there exist any unpaid obligations or liabilities of the Managing Member that relate to the period up to and including the effective date of the removal or Retirement of the Managing Member, any such unpaid fees owed to the Managing Member or its Affiliates shall, to the extent of any such Adverse Consequences or obligations or liabilities, as the case may be, be treated as if they were paid to the Managing Member (or such Affiliates) and applied by the Managing Member (or such Affiliates) to the payment or satisfaction of such Adverse Consequences, obligations or liabilities, and, to the extent of such application, the obligation of the Company to make actual cash payments of such fees to the Managing Member (or such Affiliates) shall be reduced or eliminated, as the case may be.

F. The Appraised Value of the Property shall be determined as follows. As soon as practicable and in any event within ten business days following the effective date of removal as specified in Section 7.7C above or the date of Retirement (as applicable), the Managing Member and the Special Member shall select a mutually acceptable Independent Appraiser. In the event that the parties are unable to agree upon an Independent Appraiser within such ten business day period, the Managing Member and the Special Member each shall select an Independent Appraiser. If either party fails to select an Independent Appraiser within the time period described above, the determination of the other Independent Appraiser shall control. If the difference between the Appraised Values set forth in the two appraisals is not more than ten percent (10%) of the

Appraised Value set forth in the lower of the two appraisals, the fair market value shall be the average of the two appraisals. If the difference between the two appraisals is greater than ten percent (10%) of the lower of the two appraisals, then the two Independent Appraisers shall jointly select a third Independent Appraiser whose determination of Appraised Value shall be deemed to be binding on all parties as long as the third determination is between the other two determinations. If the third determination is either lower or higher than both of the other two appraisers, then the average of all three appraisers shall be the fair market value. The Company and the removed or Retiring Managing Member shall each pay one-half of the fees and expenses of any Independent Appraiser(s) selected pursuant to this Section 7.7F.

G. In the event of the removal of the Managing Member pursuant to the provisions of this Section 7.7, voluntary Retirement of the Managing Member in violation of this Agreement or involuntary Retirement of the Managing Member, any Withdrawal Purchase Price due to the Managing Member pursuant to the provisions of Section 7.7D above shall be payable from the first available proceeds of a Capital Transaction prior to any other distributions or payments to the Members under Section 10.1B hereof except for those items listed in clauses *First* and *Second* of Section 10.1B.

H. Upon determination of the Withdrawal Purchase Price under the provisions of this Section 7.7, the Company and its remaining Members shall be deemed to be completely released from all liability to such Managing Member and its Affiliates generally and to any others claiming by or through the Managing Member to whom any distributions or loan, fee or other payments are to be made under Article X or otherwise, and the Managing Member shall be released from any and all obligations to the Company and the Members which arise after the Removal Notice Date or date of Retirement, as applicable. Concurrently with the determination of the Withdrawal Purchase Price, each Managing Member shall provide the Company, the successor Managing Member(s) and the Investor Member with additional written releases from the Managing Member (and any Affiliates to whom obligations of any kind are owed by the Company, the successor Managing Member(s), the Non-Managing Members or any of their respective Affiliates) confirming such releases.

I. In the event that the Managing Member is removed pursuant to the provisions of this Section 7.7, voluntarily Retires in violation of this Agreement or involuntarily Retires, (i) all agreements between the Company and the Managing Member and/or its Affiliates may, at the election of the Company, be terminated and, except for payment of the Withdrawal Purchase Price due to the Managing Member (or such Affiliates), the Company shall have no further obligations under such agreements, and (ii) the removed or Retired Managing Member shall be liable for all costs and expenses incurred by the Company or the Non-Managing Members in connection with the admission to the Company of a successor Managing Member, which shall be considered Adverse Consequences for a purpose of this Section. From and after the effective date of its removal or Retirement, the removed or Retiring Managing Member shall not be liable for obligations of the Company incurred subsequent to such effective date unless such obligations arise out of acts or omissions of the removed or Retiring Managing Member prior to such effective date. The removed or Retiring Managing Member shall continue to be liable for all obligations, liabilities, and guarantees incurred by it in its capacity as the Managing Member and any Company obligations not listed in the prior year s financial statements (to the extent such obligations accrued and were therefore properly included in such financial statements) or otherwise described in

writing to the Special Member, and for any Adverse Consequences caused by or arising out of its acts or omissions, prior to the effective date of its removal or Retirement. Without limiting the generality of the foregoing, and in addition to any of its other obligations hereunder, the removed or Retiring Managing Member shall continue to be liable for any payments or advances due to the Non-Managing Members or the Company pursuant to the Capital Contribution adjustment provisions of Article V as a result of any adjustments determined thereunder, other than adjustments arising from a Recapture Event or the acts or omissions of any replacement or successor Managing Member, in either case subsequent to the effective date of the removal or Retirement of the removed or Retiring Managing Member. For the avoidance of doubt, the removed or Retiring Managing Member shall have no liability for (i) any claims, suits, actions, debts, damages, costs, charges, obligations, judgments and expenses or losses of any nature whatsoever which related to the gross negligence, willful misconduct, fraud or material violation of this Agreement by a replacement Managing Member which occurs subsequent to the removal or Retirement of the initial Managing Member; or (ii) for any payments or advances due to the Non-Managing Members or the Company pursuant to the Capital Contribution adjustment provisions of Article V as a result of any adjustments determined thereunder which adjustments arise from a Recapture Event or the acts or omissions of any replacement or successor Managing Member, in either case subsequent to the effective date of the removal or Retirement of the removed or Retiring Managing Member.

J. In the event that the Managing Member is removed pursuant to the provisions of this Section 7.7, voluntarily Retires in violation of this Agreement or involuntarily Retires, the Special Member may designate a Person or Persons, including, without limitation, an Affiliate of the Special Member, to become a successor Managing Member or Members replacing the removed or Retired Managing Member, subject to any Requisite Approvals and to the terms of the Project Documents.

K. The election by the Special Member to remove any Managing Member pursuant to the provisions of this Section 7.7 shall not limit or restrict the availability and use of any other remedy that the Special Member or the Investor Member may have with respect to any Managing Member in connection with its undertakings and responsibilities under this Agreement, and the exercise by the Special Member of the rights granted to it in this Section 7.7 is understood by the parties hereto to be permitted by the Uniform Act as the exercise of powers not constituting participation in the control of the business so as to cause the Special Member (or the Investor Member) to be liable for Company obligations as a managing member.

L. In the event that a Managing Member is removed pursuant to the provisions of this Section 7.7, voluntarily Retires in violation of this Agreement or involuntarily Retires, such removed or Retired Managing Member shall immediately deliver to the Special Member all books, records, tax and financial information relating to the Company and the Property that are in the possession or under the control of such Managing Member or any of its Affiliates. Such Managing Member agrees that if it fails to comply with the provisions of this Section 7.7L, the Non-Managing Members may enforce such provisions by specific performance, and no portion of the Withdrawal Purchase Price shall be payable unless the provisions of this Section are fully and promptly complied with.

M. If a Managing Member fails to comply with any of its obligations under this Section 7.7 or contests the right of the Special Member to exercise the removal or other rights described in this Section 7.7, any costs and expenses incurred by the Non-Managing Members in enforcing their rights in this Section 7.7, including, without limitation, reasonable and actual legal fees and expenses, shall be paid by such Managing Member upon presentation of an itemized statement describing the same, which costs shall be deemed to be Adverse Consequences for purposes of this Section.

N. In the event that the Special Member sends a Removal Notice, the Special Member may, as of such date, elect to become, or to designate another Person, including, without limitation, an Affiliate of the Investor Member or the Special Member, to become, an additional Managing Member with all the rights and privileges of a Managing Member. Upon such election by the Special Member, the Special Member or such other Entity shall automatically become and shall be deemed to be a Managing Member and each Member hereby irrevocably appoints the Special Member (with full power of substitution) as the attorney-in-fact of such Member for the purpose of executing, acknowledging, swearing to, recording and/or filing any amendment to this Agreement and the Certificate necessary or appropriate to confirm the foregoing. If the Special Member or such other Person shall become an additional Managing Member as herein stated, its interest in the Company shall not be increased as a result thereof. In the event of the admission of the Special Member or such Person as a Managing Member pursuant to this Section 7.7N, and if there are then any other Managing Members, the Special Member or such other Person shall have managerial rights, authority and voting rights of 51% on any matters to be decided or voted upon by the Managing Members or the Managing Member, as the case may be, and the rights and authority of the remaining Managing Members or the Managing Member, as the case may be, shall be deemed equally divided among them.

ARTICLE VIII

TRANSFER OF NON-MANAGING MEMBER INTERESTS

Section 8.1 Right to Assign

A. Except as restricted in this Article VIII or by operation of law, and subject to the Regulations, each Non-Managing Member shall have the right to assign its Interest and to substitute in its place as a Substitute Non-Managing Member:

(i) any Affiliate of the Investor Member with notice to the Managing Members;

(ii) any Person provided that the net worth of the proposed assignee is acceptable to the Managing Members in their reasonable discretion;

(iii) any partnership or limited liability company in which the Investor Member, or an Affiliate of the Investor Member, is the general partner or managing member; or

(iv) any other Person with the consent of the Managing Members which may be given or withheld in their sole but reasonable discretion.

B. The Managing Members, at the sole expense of the assigning Non-Managing Member, shall cooperate in good faith to effect such assignment as expeditiously as possible, including without limitation the execution of appropriate amendments to, or updates of, the Related Agreements and/or any other documents which the assigning Non-Managing Member reasonably determines necessary or appropriate to accomplish such assignment, including, but not limited to, any amendments, updated opinion of Company Counsel, authorizing resolutions of the Managing Members and Developer and any other documents reasonably deemed necessary and appropriate by the Investor Member. In addition, in the event of a Transfer of any interest in the Investor Member, the Managing Members agree to make such changes to this Agreement and the Related Agreements as the Investor Member may reasonably request.

C. The assignor shall assume any costs incurred by the Company in connection with an assignment of its Interest including, without limitation, costs associated with preparation and execution of appropriate amendments to, or updates of, the Related Agreements and/or any other documents in connection therewith.

Section 8.2 Substitute Non-Managing Members

Each Non-Managing Member shall have the right to substitute an assignee as a Non-Managing Member in its place, subject to any Requisite Approvals. Any Substitute Non-Managing Member shall agree to be bound (to the same extent to which its predecessor in interest was so bound) by the Project Documents and this Agreement as a condition to its being admitted to the Company.

Section 8.3 Assignees

A. Any permitted assignee of a Non-Managing Member, which does not become a Substitute Non-Managing Member shall have the right to receive the same share of profits, losses and distributions of the Company to which the assigning Non-Managing Member would have been entitled.

B. Any assigning Non-Managing Member shall cease to be a Non-Managing Member and shall no longer have any rights or obligations of a Non-Managing Member except that, unless and until the assignee of such Non-Managing Member is admitted to the Company as a Substitute Non-Managing Member, said assigning Non-Managing Member shall retain the statutory rights and be subject to the statutory obligations of an assignor Non-Managing Member under the Uniform Act as well as the obligation to make the Capital Contributions attributable to the Interest in question, if any portion thereof remains unpaid.

C. There shall be filed with the Company a duly executed and acknowledged counterpart of the instrument making each assignment; such instrument must evidence the written acceptance of the assignee to this Agreement and the Project Documents. If such an instrument is not so filed, the Company need not recognize any such assignment for any purpose.

D. In the case of any assignment of a Non-Managing Member s Interest as a Non-Managing Member, where the assignee does not become a Substitute Non-Managing Member, the Company shall recognize the assignment not later than the last day of the calendar month following receipt of notice of assignment and required documentation.

E. An assignee of a Non-Managing Member s Interest who does not become a Substitute Non-Managing Member and who desires to make a further assignment of its Interest shall also be subject to the provisions of this Article VIII.

ARTICLE IX

LOANS; MORTGAGE REFINANCING; PROPERTY DISPOSITION

Section 9.1 General

A. The Company shall be authorized to obtain the Mortgage Loans to finance the acquisition, development and construction of the Property and (to the extent permitted by the Lender) shall secure the same by the Mortgages. Except as set forth in the Project Documents as they exist on the date of Investment Closing, each Mortgage shall provide that no Member or Related Person shall bear the Economic Risk of Loss for all or any part of such Mortgage Loans. Notwithstanding anything to the contrary herein, the Managing Members shall have no authority to enter into the First Mortgage Loan without the Consent of the Special Member to the extent the outstanding principal amount exceeds $2,000,000. All material Mortgage Loan Documents not approved by the Investor Member as of Investment Closing shall be submitted to and approved by the Investor Member prior to execution and delivery thereof.

B. Subject to Section 6.1, the Managing Members are specifically authorized, for and on behalf of the Company, to execute the Project Documents and any permitted amendments thereto and, subject to the limitations set forth herein, such other documents as they deem necessary or appropriate in connection with the acquisition, development, operation and financing of the Property.

C. All Company borrowings shall be subject to Section 6.1, this Article, the Project Documents and the Regulations. To the extent borrowings are permitted, they may be made from any source, including Members and Affiliates. The Company may accept Development Advances as and when permitted pursuant to the Development Agreement, and may issue instruments evidencing Operating Expense Loans.

D. If any Member shall lend any monies to the Company, any such loan shall be unsecured and the amount of any such additional loan from a Member shall not be an increase of its Capital Contribution. Until such time as the Managing Members and the Developer shall have performed fully their obligations to make Operating Expense Loans and Development Advances, any loan from a Managing Member or an Affiliate of a Managing Member shall be an obligation of the Company to the Member or Affiliate only if it constitutes an Operating Expense Loan or Development Advance in accordance with the provisions of this Agreement or the Development Agreement, as applicable, and shall be repayable as therein provided. Subject to the preceding sentence, any loans to the Company by a Managing Member or an Affiliate of a Managing Member may be made on such terms and conditions as may be agreed on by the Company, consistent with good business practices.

E. Subject to the provisions of this Agreement with respect to related party loans, the Investor Member or an Affiliate thereof (the Investor Member or its Affiliate being referred to

herein as a Mortgagee Non-Managing Member) 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 Property owned by the Company (any such loan being referred to as a Related Mortgage Loan). Under no circumstances will a Mortgagee Non-Managing Member be considered to be acting on behalf or as an agent or the alter ego of the Investor Member. A Mortgagee Non-Managing Member may take any actions that the Mortgagee Non-Managing Member, in its discretion, determines to be advisable in connection with its Related Mortgage Loan (including in connection with the enforcement of its Related Mortgage Loan). Each Member agrees, to the extent permitted by applicable law, that no Mortgagee Non-Managing Member owes the Company or any Member any fiduciary duty or other duty or obligation whatsoever by virtue of such Mortgagee Non-Managing Member being a limited partner- or member in the Investor Member. Neither the Company nor any Member will make any claim against a Mortgagee Non-Managing Member, or against the Investor Member in which the Mortgagee Non-Managing Member is a partner or member, relating to a Related 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 Non-Managing Member s status as a limited partner or member of the Investor Member. Notwithstanding any provision to the contrary in this Section 9.1E, the Managing Members shall not obtain or consent to any Related Mortgage Loan unless (i) they have obtained the prior Consent of the Investor Member and (ii) they have determined, based on the financial projections prepared at the time of requesting such Consent and the advice of Investor Tax Counsel, that the Related Mortgage Loan will not result in any reallocation of Tax Credits or other tax benefits among the Members.

Section 9.2 Refinancing and Sale

The Company may not increase the amount of or otherwise materially modify any Mortgage Loan, obtain any new Mortgage Loan or refinance any Mortgage Loan including any required Transfer of Company assets for security or mortgage purposes, and may not sell, lease, exchange or otherwise Transfer all or substantially all the assets of the Company without the Consent of the Investor Member. In the event that an Affiliate of Bank of America, N.A. shall be ready, willing and able to furnish financing on substantially equivalent terms, the Consent of the Investor Member to any proposed refinancing of a Mortgage Loan may be conditioned upon the substitution of such Affiliate as the maker of such refinanced Mortgage Loan. Notwithstanding the foregoing, no such Consent shall be required for the leasing of apartments to tenants in the normal course of operations; *provided, however*, unless such Consent is obtained, the Company shall lease the Project in such a manner as to qualify as a qualified low-income housing project under Section 42(g)(1) of the Code, and shall lease all of the Low Income Units to Qualified Tenants.

Section 9.3 Sales Commissions

In connection with the sale of the Property by the Company, no Person may receive real estate commissions in excess of that which is reasonable, customary, and competitive with those paid in similar transactions in the same geographic area. Real estate commissions may be paid to an Affiliate of a Managing Member.

ARTICLE X

PROFITS, LOSSES AND DISTRIBUTIONS

Section 10.1 Distributions Prior to Dissolution

A. *Distribution of Cash Flow*.

Subject to any Requisite Approvals, (i) net rental income generated through the Completion Date shall be includable in Designated Proceeds and shall be available to the Developer and the Managing Members for the purposes and subject to the conditions set forth in Section 6.7 hereof. From and after the Completion Date, Cash Flow for each Fiscal Year (or fractional portion thereof) shall be distributed within ninety (90) days after the end of each Fiscal Year, in the following order of priority:

First, to pay the Asset Management Fee to the Special Member;

Second, to the Investor Member an amount equal to any amounts contributed by the Investor Member pursuant to Section 6.4P(iii)(if any);

Third, to the payment of any Deferred Development Fee;

Fourth, to the Investor Member the payment of any unpaid Tax Credit Shortfall Payments;

Fifth, to the payment of the Company Management Fee;

Sixth, to the repayment of any Operating Expense Loans or Development Deficit Loans then outstanding;

Seventh, to the replenishment of the Operating Reserve;

Eighth, to make payments on the Sponsor Loan; and

Ninth, any balance, 90% shall be distributed to the Managing Members first as payment of the Supervisory Management Fee and then as a distribution and 10% shall be distributed to the Investor Member.

B. *Distributions of Capital Transaction Proceeds*

Prior to dissolution, if the Managing Members shall determine that there are proceeds available for distribution from a Capital Transaction, such proceeds shall be applied and distributed as follows:

First, to discharge, to the extent required by any lender or creditor, the debts and obligations of the Company (other than items listed in the ensuing clauses of this Section 10.1B);

Second, to fund reserves for contingent liabilities to the extent deemed reasonable by the Managing Members (other than items listed in the ensuing clauses of this Section 10.1B);

Third, first, to the Non-Managing Members in an amount equal to, on an After-Tax Basis, the taxes (if any) owed by it (or them) as a result of any income allocation arising out of the Capital Transaction plus any amounts contributed by the Investor Member pursuant to Section 6.4P(iii)(if any) and then to the Managing Member in an amount equal to, on an After-Tax Basis, the taxes (if any) owed by it as a result of any income allocation arising out of the Capital Transaction;

Fourth, to the Special Member any unpaid Asset Management Fee;

Fifth, to the repayment of any outstanding Deferred Development Fee;

Sixth, to the Investor Member an amount equal to any theretofore unpaid Tax Credit Shortfall Payments;

Seventh, to the Managing Members an amount equal to any unpaid Company Management Fee;

Eighth, to the payment of any outstanding Operating Expense Loans or Development Deficit Loans;

Ninth, to make payments on the Sponsor Loan; and

Tenth, the balance of such proceeds shall be distributed 10% to the Investor Member and 90% to the Managing Members.

C. *Sharing of Distributions*

All distributions to the respective classes of the Members shall be shared by the members of such classes in accordance with the percentages set forth opposite their respective names on the Schedule, except as otherwise provided in this Agreement.

D. *Proceeds from Insurance*

Notwithstanding the provisions of Sections 10.1A or 10.1B, if the Company receives proceeds from the Title Policy, an insurance policy, or as the result of a casualty (if the proceeds are not used for reconstruction) or condemnation after payment of debts and obligations of the Company, such proceeds shall be applied and distributed to the payment to the Investor Member of an amount equal to 100% of its Net Capital Contribution less the sum of all Tax Credits received by the Investor Member and not subject to a Recapture Event; and the balance to the Managing Members.

Section 10.2 Distributions Upon Dissolution

A. Upon dissolution and termination, after payment of, or adequate provision for, the debts and obligations of the Company, including without limitation the Sponsor Loan, the remaining assets of the Company shall be distributed to the Members in accordance with the positive balances in their Capital Accounts after taking into account all Capital Account adjustments for the Company taxable year, including adjustments to Capital Accounts pursuant to Sections 10.2B and 10.3B. Liquidation distributions shall be made by the end of the taxable year in which the liquidation occurs or, if later, within ninety (90) days after the date of liquidation. In the event that a Managing Member or Investor Member has a negative balance in its Capital Account following the liquidation of the Company or its Interest after taking into account all Capital Account adjustments for the Company taxable year in which the liquidation occurs, such Member shall pay to the Company in cash an amount equal to the negative balance in its Capital Account. Such payment shall be made by the end of such taxable year (or, if later, within ninety (90) days after the date of such liquidation) and shall, upon liquidation of the Company, be paid to recourse creditors of the Company or distributed to other Members in accordance with the positive balances in their Capital Accounts. Notwithstanding the foregoing, the obligation of the Investor Member to contribute such deficit shall be zero unless and until it shall notify the Company in writing of its election to have a different amount (the Designated Amount) apply, which Designated Amount may be increased or reduced (subject to the provisions of the following sentence) by similar written notice from the Investor Member at any subsequent date. No such notice shall be effective with respect to any Fiscal Year unless the same shall be given prior to the end of such Fiscal Year. No subsequent reduction to the Designated Amount shall be permitted if such reduction would cause the Designated Amount to be less than the Investor Member s deficit balance in its Capital Account (as such Capital Account is increased by the Investor Member s share of Partnership Minimum Gain) at the end of the Company s immediately preceding tax year.

B. With respect to assets distributed in kind to the Members in liquidation or otherwise, (i) any unrealized appreciation or unrealized depreciation in the values of such assets shall be deemed to be profits and losses realized by the Company immediately prior to the liquidation or other distribution event; and (ii) such profits and losses shall be allocated to the Members in accordance with Section 10.3B, and any property so distributed shall be treated as a distribution of an amount in cash equal to the excess of such fair market value over the outstanding principal balance of and accrued interest on any debt by which the property is encumbered. For the purposes of this Section 10.2B, unrealized appreciation or unrealized depreciation shall mean the difference between the fair market value of such assets, taking into account the fair market value of the associated financing (but subject to Section 7701(g) of the Code), and the Company s adjusted basis for such assets as determined under Section 1.704-1(b). This Section 10.2B is merely intended to provide a rule for allocating unrealized gains and losses upon liquidation or other distribution event, and nothing contained in this Section 10.2B or elsewhere herein is intended to treat or cause such distributions to be treated as sales for value. The fair market value of such assets shall be determined by an appraiser to be selected by the Managing Members with the Consent of the Investor Member.

Section 10.3 Profits, Losses and Tax Credits

A. Except as otherwise specifically provided in this Article X, for each Fiscal Year or portion thereof, profits, tax-exempt income, losses and non-deductible, non-capitalizable expenditures incurred and/or accrued by the Company, shall be allocated 0.01% to the Managing Members and 99.99% to the Investor Member.

B. Except as otherwise specifically provided in Section 10.4 or elsewhere in this Article X, all profits and losses arising from a Capital Transaction shall be allocated to the Members as follows:

As to profits:

First, an amount of profit equal to the aggregate negative balances (if any) in the Capital Accounts of all Members having negative balance Capital Accounts shall be allocated to such Members in proportion to their negative Capital Account balances until all such Capital Accounts shall have zero balances; and

Second, an amount of profits shall be allocated to each of the Members until the positive balance in the Capital Account of each Member equals, as nearly as possible, the amount of cash which would be distributed to such Member if the aggregate amount in the Capital Accounts of all Members were cash available to be distributed in accordance with the provisions of Clauses *Third*, *Sixth* and *Ninth* of Section 10.1B.

As to losses:

First, an amount of losses equal to the aggregate positive balances (if any) in the Capital Accounts of all Members having positive balance Capital Accounts shall be allocated to such Members in proportion to their positive Capital Account balances until all such Capital Accounts shall have zero balances; *provided*, *however*, that if the amount of losses so to be allocated is less than the sum of the positive balances in the Capital Accounts of those Members having positive balances in their Capital Accounts, then such losses shall be allocated to the Members in such proportions and in such amounts so that the Capital Account balances of each Member shall equal, as nearly as possible, the amount such Member would receive if an amount equal to the excess of (a) the sum of all Members balances in their Capital Accounts computed prior to the allocation of losses under this clause *First* over (b) the aggregate amount of losses to be allocated to the Members pursuant to this clause *First* were distributed to the Members in accordance with the provisions of Clauses *Third*, *Sixth* and *Ninth* of Section 10.1B; and

Second, the balance, if any, of such losses shall be allocated 0.01% to the Managing Members and 99.99% to the Investor Member.

C. If the Company (i) incurs recourse obligations (including, without limitation, accounts payable and deferred fees that in the reasonable judgment of the Special Member are not expected to be paid in the ordinary course of business) or Partner Nonrecourse Debt (including without limitation Operating Expense Loans), (ii) accepts Special Capital Contributions pursuant to Section 6.9 or other Capital Contributions from the Managing Members that are required or

permitted by the terms of this Agreement, all or a portion of the proceeds of which are applied to the payment of Operating Expenses or other items that are deductible for federal income tax purposes or (iii) incurs losses from extraordinary events which are not recovered from insurance or other sources (the items referred to in clauses (i), (ii) and (iii) being hereinafter referred to collectively as the Section 10.3C Items) in respect of any Company taxable year, then the calculation and allocation of profits and losses shall be adjusted as follows: *first*, an amount of deductions (consisting of Operating Expenses and not cost recovery deductions) attributable to the Section 10.3C Items shall be allocated to the Managing Members; and *second*, the balance of such deductions shall be allocated as provided in Section 10.3A. For purposes of determining the deductions that are attributable to the Section 10.3C Items, Cash Receipts shall be deemed to have been applied first to Debt Service Requirements and the funding of Company reserves and then to Operating Expenses other than Debt Service Requirements and the funding of Company reserves. The term extraordinary events, as used in this Section 10.3C, includes casualty losses, losses resulting from liability to third parties for tortious injury, losses resulting from a breach of a legal duty by the Company or by the Managing Members, and deductions resulting from other liabilities of the Company that are not incurred in the ordinary course of business. Nothing in this Section 10.3C shall prevent the Company from recovering an extraordinary loss from a Managing Member who is liable therefor by law or under the terms of this Agreement.

D. If any Section 10.3C Items shall be repaid from cash generated in respect of any Fiscal Year, then the allocation of profits and losses under Section 10.3A for such Fiscal Year shall be adjusted as follows: *first*, the Managing Members shall be allocated an amount of the gross income of the Company equal to the lesser of (i) the amount of items of loss or expense previously allocated to the Managing Members under Section 10.3C and not previously offset by allocations of gross income under this Section 10.3D or items thereof and (ii) the amount of the Section 10.3C Items repaid in such year and *second*, all remaining gross income and all expenses shall be allocated as provided in Section 10.3A. Nothing in this Section 10.3D shall be construed to authorize the return of Special Capital Contributions. This section shall be applied in conjunction with Section 10.4B to avoid the double allocation of gain under such sections when Operating Expense Loans are repaid.

E. Notwithstanding the foregoing provisions of Sections 10.3.A and 10.3.B, in no event shall any losses be allocated to a Non-Managing Member if and to the extent that such allocation would cause, as of the end of the Company taxable year, the negative balance in such Non-Managing Member s Capital Account to exceed such Non-Managing Member s share of Partnership Minimum Gain plus such Non-Managing Member s share of Partner Nonrecourse Debt Minimum Gain plus the amount, if any, of such Non-Managing Member s Designated Amount (as specified in accordance with Section 10.2A). Any losses, which are not allocated to the Non-Managing Members by virtue of the application of this Section 10.3E shall be allocated as required under Treasury Regulation Section 1.704-1(b). For purposes of this Section 10.3E, a Member s Capital Account shall be treated as reduced by Qualified Income Offset Items.

F. The terms profits and losses used in this Agreement shall mean income and losses, and each item of income, gain, loss, deduction or credit entering into the computation thereof, as determined in accordance with the accounting methods followed by the Company and computed in a manner consistent with Treasury Regulation Section 1.704-1(b)(2)(iv). Profits and

losses for federal income tax purposes shall be allocated in the same manner as profits and losses under Section 10.3 except as provided in Section 10.5B.

G. Federal Low Income Tax Credits shall be allocated among the Members in the same manner as the deductions attributable to the expenditures creating the tax credit are allocated among the Members in accordance with Treasury Regulation Section 1.704-1(b)(4)(ii).

Section 10.4 Minimum Gain Chargebacks and Qualified Income Offset

A. If there is a net decrease in Partnership Minimum Gain during a Company taxable year, each Member will be allocated items of income and gain for such year (and, if necessary, subsequent years) in the proportion to, and to the extent of, an amount equal to such Member s share of the net decrease in Partnership Minimum Gain during the year. A Member is not subject to this Partnership Minimum Gain chargeback to the extent that any of the exceptions provided in Treasury Regulation Section 1.704-2(f)(2)-(5) apply. Such allocations shall be made in a manner consistent with the requirements of Treasury Regulation Section 1.704-2(f) under Section 704 of the Code.

B. If there is a net decrease in Partner Nonrecourse Debt Minimum Gain during a Company taxable year, then each Member with a share of the minimum gain attributable to such debt at the beginning of such year will be allocated items of income and gain for such year (and, if necessary, subsequent years) in proportion to, and to the extent of, an amount equal to such Member s share of the net decrease in Partner Nonrecourse Debt Minimum Gain during the year. A Member is not subject to this Partner Nonrecourse Debt Minimum Gain chargeback to the extent that any of the exceptions provided in Treasury Regulation Section 1.704-2(i)(4) applied consistently with Treasury Regulation Section 1.704-2(f)(2)-(5) apply. Such allocations shall be made in a manner consistent with the requirements of Treasury Regulation Section 1.704-2(i)(4) under Section 704 of the Code.

C. If a Non-Managing Member unexpectedly receives in any taxable year (1) any adjustments, allocations or distributions described in Treasury Regulation Section 1.704-1(b)(2)(ii)(d)(4), (5) or (6) or (2) a distribution, and such adjustment, allocation and/or distribution would cause the negative balance in such Member s Capital Account to exceed (i) such Member s share of Partnership Minimum Gain plus (ii) such Member s share of Partner Nonrecourse Debt Minimum Gain and (iii) the amount of such Member s obligation, if any, to restore a deficit balance in its Capital Account, then such Member shall be allocated items of income and gain in an amount and manner sufficient to eliminate such negative balance as quickly as possible. For purposes of this Section 10.4C, a Member s Capital Account shall be treated as reduced by Qualified Income Offset Items.

Section 10.5 Special Provisions

A. Except as otherwise provided in this Agreement, all profits, losses, credits and distributions shared by the respective classes composed of the Special Member and the Managing Members shall be allocated among the members of such class in accordance with the percentages set forth opposite their respective names in the Schedule. Subject to the provisions of Section 13.8, the Investor Member and Special Member each shall be deemed to have been admitted to the

Company as of the first day of the month during which its actual admission occurs for purposes of allocating profits and losses.

B. Income, gain, loss and deduction with respect to property which has a variation between its basis computed in accordance with Treasury Regulation Section 1.704-1(b) and its basis computed for federal income tax purposes shall be shared among the Members for tax purposes so as to take account of such variation in a manner consistent with the principles of Section 704(c) of the Code and Treasury Regulation Sections 1.704-1(b)(2)(iv)(g) and 1.704-3.

C. If the Company shall receive any purchase money indebtedness in partial payment of the purchase price of the Project and such indebtedness is distributed to the Members pursuant to the provisions of Section 10.1B or Section 10.2, the distributions of the cash portion of such purchase price and the principal amount of such purchase money indebtedness hereunder shall be allocated among the Members in the following manner: On the basis of the sum of the principal amount of the purchase money indebtedness and cash payments received on the sale (net of amounts required to pay Company obligations and fund reasonable reserves), there shall be calculated the percentage of the total net proceeds distributable to each class of Members based on Section 10.1B or Section 10.2, as applicable, treating cash payments and purchase money indebtedness principal interchangeably for this purpose, and the respective classes shall receive such respective percentages of the net cash purchase price and purchase money principal. Payments on such purchase money indebtedness retained by the Company shall be distributed in accordance with the respective portions of principal allocated to the respective classes of Members in accordance with the preceding sentence, and if any such purchase money indebtedness shall be sold, the sale proceeds shall be allocated in the same proportion.

D. In the event that any fee payable to any Managing Member or any Affiliate shall instead be determined to be a non-deductible, non-capitalizable distribution from the Company to a Member for federal income tax purposes, then there shall be allocated to such Managing Member an amount of gross income equal to the amount of such distribution.

E. Notwithstanding any provision to the contrary in this Article X, funds of the Company constituting Designated Proceeds shall be applied to pay Development Costs and the Development Amount in accordance with the provisions of this Agreement, the Development Agreement and the Project Documents.

F. In applying the provisions of this Article X with respect to distributions and allocations, the following ordering of priorities shall apply:

(1) Capital Accounts shall be deemed to be reduced by Qualified Income Offset Items.

(2) Capital Accounts shall be reduced by distributions of Cash Flow under Section 10.1A.

(3) Capital Accounts shall be reduced by distributions from Capital Transactions under Section 10.1B.

(4) Capital Accounts shall be increased by any minimum gain chargeback under Section 10.4A or 10.4B.

(5) Capital Accounts shall be increased by any qualified income offset under Section 10.4C.

(6) Capital Accounts shall be increased by allocations of profits under Section 10.3A.

(7) Capital Accounts shall be reduced by allocations of losses under Section 10.3A.

(8) Capital Accounts shall be reduced by allocations of losses under Section 10.3B.

(9) Capital Accounts shall be increased by allocations of profits under Section 10.3B.

G. For purposes of determining each Member s proportionate share of excess Partnership Nonrecourse Liabilities pursuant to Treasury Regulation Section 1.752-3(a)(3), the Investor Member shall be deemed to have a 99.99% interest in profits of the Company and the Managing Members shall be deemed to have a 0.01% interest in profits of the Company.

H. To the maximum extent permitted under the Code, allocations of profits and losses shall be modified so that the Members Capital Accounts reflect the amount they would have reflected if adjustments required by Section 10.4 had not occurred. Furthermore, if for any Fiscal Year the application of the provisions of Section 10.4 would cause a distortion in the economic sharing arrangement among the Members and it is not expected that the Company will have sufficient other income to correct that distortion, the Managing Members may request a waiver from the Service of the application in whole or in part of Section 10.4 in accordance with Treasury Regulation Section 1.704-2(f)(4). Notwithstanding any provision to the contrary in this Section 10.5H, depreciation deductions shall in all events be allocated 99.99% to the Investor Member and 0.01% to the Managing Members.

I. To the extent that interest on obligations to any Managing Member or its Affiliates is determined to be deductible by the Company in excess of the stated amount of interest payable thereunder, the corresponding additional interest deduction shall be allocated solely to such Managing Member.

J. Any income earned by the Company prior to the Development Obligation Date shall be specially allocated to the Managing Members.

K. Nonrecourse deductions as defined in Treasury Regulation Section 1.704-2(b)(1) for any Fiscal Year shall be allocated 99.99% to the Investor Member and 0.01% to the Managing Members.

L. Any partner nonrecourse deductions as determined under Treasury Regulation Sections 1.704-2(i)(2) and 1.704-2(k) with respect to Partner Nonrecourse Debt for any Fiscal

Year shall be specially allocated to the Member or Members that bear the Economic Risk of Loss with respect to the Partner Nonrecourse Debt to which such deductions are attributable in accordance with Treasury Regulation Section 1.704-2(b)(4) and 1.704-2(i).

M. 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.

ARTICLE XI

MANAGEMENT AGENT

Section 11.1 Management Agent

The Managing Members shall have responsibility for obtaining a Management Agent acceptable to the Investor Member and each Lender and Governmental Agency to manage the Project in accordance with the requirements of each Lender and Governmental Agency. The Managing Members shall cause the Company to enter into the Management Agreement with the Management Agent, which may be an Affiliate of a Managing Member. The initial Management Agent shall be CoreRVA Properties, Inc. No Management Agent may be removed or replaced without the prior written consent of the Investor Member. Subject to the Regulations, the Management Agent shall be entitled to receive a reasonable and competitive Management Fee (determined by reference to arm s-length property management arrangements for comparable properties in force in the general locality of the Project) not to exceed the lesser of 6.2% of gross rental income or the maximum amount permitted by any relevant Governmental Agency or Lender.

The Management Agent acknowledges that the Company is required under this Agreement to use best efforts to lease 100% of the Low Income Units to tenants whose income and rent levels qualify such apartments for inclusion in meeting the requirements for Tax Credits and:

(i) The Management Agent shall require each prospective tenant to certify, on the lease application or lease, the amount of such tenant s annual family income, family size, and any other information reasonably requested by the Company in connection with the Tax Credits. The Management Agent shall require the tenants to certify in writing as to such matters on an annual basis, prior to such time as the information is required for reporting purposes.

(ii) Without the Company s express prior written consent, the Management Agent shall not enter into any lease on behalf of the Company at a rental amount exceeding the application maximum.

(iii) The Management Agent shall maintain and preserve all written records of the tenants family income and size, and any other information reasonably requested by the Company in writing in connection with the Tax Credits, throughout the term of the

Management Agreement, and shall turn all such records over to the Company upon the termination or expiration of the Management Agreement.

(iv) The Management Agent shall prepare reports of low-income leasing and occupancy in form suitable for submission in connection with the Tax Credits.

If at any time after the Completion Date:

(i) the Project shall be subject to any substantial building code violation which shall not have been cured within ninety (90) days after notice from the applicable Governmental Agency or department or unless such violation is being validly contested by the Managing Members by proceedings which operate to prevent any fines or criminal penalties from being levied against the Company or unless, in the case of any such violation not susceptible of cure within such ninety (90)-day period, the Managing Members are diligently making reasonable efforts to cure the same,

(ii) operating revenues of the Project in respect of any period of twelve (12) consecutive calendar months after the Completion Date shall be insufficient to permit the Company to pay when due on a current basis all Company obligations in respect of such twelve (12)-month period,

(iii) the Project ceases to qualify as a qualified low-income housing project under Section 42(g) of the Code or any Low Income Unit in the Project ceases to qualify as a low income unit under Section 42(i)(3) of the Code,

(iv) a Recapture Event shall have occurred,

(v) the Management Agent or its agents or employees have demonstrated incompetence or malfeasance in the management of the Project, or

(vi) the Special Member has elected to remove a Managing Member that is an Affiliate of the Management Agent pursuant to the provisions of Section 7.7,

then the Managing Members shall forthwith give to the Special Member notice of such event (a Management Default Notice), and thereafter the Company shall, subject to any Requisite Approvals, forthwith terminate its management agreement with the Management Agent, unless the approval of the Special Member is obtained to the retention of the Management Agent. Upon any termination, the Managing Members shall immediately proceed to select a qualified Person as the new Management Agent (which, in the event the terminated Management Agent was an Affiliate of a Managing Member, shall be unaffiliated with any Managing Member) as the new Management Agent for the Property, which selection shall be subject to the Consent of the Investor Member and any Requisite Approvals; and, after such selection, no Management Fee shall be payable to any Person which is an Affiliate of a Managing Member unless the management contract with any such Person shall provide for the right of the Company to terminate the same upon the occurrence of any circumstance described in this Article XI. In the event that the Special Member elects to remove the Managing Member pursuant to the provisions of Section 7.7, the Management Agreement shall automatically terminate as of the Removal Notice Date. By its execution hereof,

the Management Agent agrees that the provisions of this Section which limit the amount of the Management Fee and provide for the termination of the Management Agent under the circumstances herein described are hereby incorporated into any present or future Management Agreement (which shall be deemed amended hereby to the extent necessary to give effect to such provisions).

Section 11.2 Special Power of Attorney

If an event described in clauses (i) through (vi) of Section 11.1 above occurs and the Managing Member fails to send a Management Default Notice to the Special Member within the ten (10) days of the date the Managing Member became aware of such event, the Special Member hereby is granted an irrevocable power of attorney, coupled with an interest, to take such action, and to execute and deliver such documents on behalf of the Members and the Company, as shall be legally necessary and sufficient to effect the provisions of this Article XI.

ARTICLE XII

BOOKS AND REPORTING, ACCOUNTING, TAX ELECTION, ETC

Section 12.1 Books, Records and Reporting

A. The Managing Members shall keep or cause to be kept a complete and accurate set of books and supporting documentation with respect to the Company s business in accordance with this Article XII. The books of the Company shall be kept on the accrual basis. The books and records of the Company (including all records required to be maintained under the Uniform Act) shall at all times be maintained at the principal office of the Company. Each Member, its duly authorized representatives and any regulatory authority which regulates such Member shall have the right to examine the books of the Company and all other records and information concerning the Company and the Project at reasonable times. The books and records of the Company shall include, without limitation, copies of the following: (i) the Company s federal, state and local income tax or information returns and reports, if any, and all related back-up documentation for ten (10) years from the date of production and (ii) financial statements of the Company for ten (10) years from the date of production.

B. The Managing Member shall comply with all of the requirements set forth in this Section 12.1 and **Exhibit K** and will deliver to the Special Member all of the information requested in this Section 12.1 and on **Exhibit K** within the relevant time frames. If the Managing Member shall fail to deliver (or cause to be delivered) the statements, reports, filings, or other information required under this Section 12.1 or **Exhibit K** to the Special Member by the due, the Managing Member shall pay as damages the sum of $150 per day (plus interest at the Designated Prime Rate plus 3% per annum) to the Special Member until such information is received by the Special Member. Such damages shall be paid forthwith by the Managing Member. In addition, if the Managing Member fails to so pay, the Investor Member may deduct any unpaid damages from any portion of its Capital Contribution not yet paid, or if such Capital Contribution has been fully paid then the Managing Member and its Affiliates shall forthwith cease to be entitled to any Cash Flow or to the payment of any fees which are payable from Cash Flow as provided in Section 10.1A (Cash Flow Fees). Such payments of Cash Flow and Cash Flow Fees shall only be

restored upon the payment of such damages in full and any amount of such damages not so paid shall be deducted against payments of Cash Flow and Cash Flow Fees otherwise due to the Managing Member or its Affiliates. Any failure to so pay the damages described herein within 60 days of written demand by the Special Member or upon the fourth consecutive failure to deliver the information required under this Section 12.1 in any one Fiscal Year, provided such failures were not the result of the action or inaction of governmental agencies, the Special Member or third parties beyond the reasonable control of the Managing Member, shall constitute a Material Default for purposes of Section 7.7.

C. In addition to the reports and tax returns described on **Exhibit K,** the Managing Member annually shall deliver a certification from the Managing Member that states as follows: (i) all Capital Accounts have been analyzed for minimum gain and, if applicable, how any potential reallocation of profits, losses and Tax Credits will be addressed, (ii) to the best of the Managing Member s knowledge, no notices of any proceedings have been received by the Managing Member from the IRS pertaining to the Company and, if such notices have been received, then a statement as to the corrective action plan, and (iii) to the best of the Managing Member s knowledge, no material litigation has been filed against the Company and, if such litigation has been filed, a statement detailing the litigation and the potential outcome.

D. If the Managing Members fail to complete such tax returns and submit such Schedules K-1 within the time frames set forth on **Exhibit K**, the Special Member may select a firm of accountants who shall prepare such returns and Forms K-1. The Managing Members shall immediately furnish all necessary documentation and other information to prepare such tax returns and such Schedules K-1 to such accountants.

E. Every Non-Managing Member shall at all times have access to the records of the Company and may inspect and copy any of them. A list of the names and addresses of all of the Non-Managing Members shall be maintained as part of the books and records of the Company and shall be mailed to any Non-Managing Member upon request.

F. The Managing Members shall furnish to the Special Member a radon gas test measurement report and conclusion (a Radon Report) for each Building upon completion of construction or rehabilitation thereof, unless the Project is located in a county in the lowest risk EPA radon map Zone 3. The Radon Report must come from a radon service professional who (i) meets state-specific requirements, if any, for providing such Radon Reports, and (ii) has a proficiency listing, accreditation or certification in radon test measurement from either (a) The National Environmental Health Association (NEHA) National Radon Proficiency Program or (b) The National Radon Safety Board (NRSB). Alternatively, a Radon Report from an environmental professional who lacks such a proficiency listing, accreditation or certification from NEHA or NRSB may be acceptable if it follows state-specific requirements and EPA recommendations and protocols set forth in the following EPA publications: *Protocols for Radon and Radon Decay Product Measurements in Homes* (EPA 402-R-93-003, June, 1993) and the *Indoor Radon and Radon Decay Product Measurement Device Protocols* (EPA 402-R-92-004, July, 1992), which protocols are summarized at www.airchek.com. If the Radon Report demonstrates that the radon gas level for a Building exceeds the EPA standard for radon action or remediation then in effect, the Managing Members shall install a radon mitigation system or take

other recommended mitigation measures and shall provide a follow-up Radon Report to confirm effectiveness.

G. The Managing Members and/or their Affiliates shall (i) report any reportable transactions to the Service as required under Section 6111 of the Code (Reportable Transactions); (ii) disclose any Reportable Transactions as required by Treasury Regulations 1.6011-4; (iii) promptly report to the Members any Reportable Transactions in which the Company engages; and (iv) maintain any list of investors in accordance with Section 6112 of the Code to the extent they are required to maintain such lists. The Managing Members shall be responsible for any expenses or penalties, including penalties for understatement of income, solely attributable to the failure of the Managing Members or their Affiliates to satisfy the Reportable Transactions requirements imposed on them.

H. In addition to the foregoing, the Supervisory Management Agent shall prepare a quarterly report describing each of the following: (i) any new agreement, contract or arrangement between the Company and a Managing Member or an Affiliate of a Managing Member, (ii) the amount of all fees and other compensation and distributions and reimbursed expenses paid by the Company for the quarter to any Managing Member or Affiliate of a Managing Member, (iii) the amount of all distributions of Cash Flow and Capital Transaction proceeds made to Members during such fiscal quarter (if any); and (iv) a report of the significant activities of the Company during the fiscal quarter including, without limitation, any material notice received by the Company or the Managing Member of any IRS proceeding involving the Company, any lapse, cancellation, or non-renewal of any insurance policy that insures the Company or its property, and any other material notice (the Quarterly Status Reports). Each Quarterly Status Report shall also contain a certification by the Managing Members that neither the Company nor any Managing Member has received any notice or has been cited by or otherwise warned in writing of any Violation (as hereinafter defined) by any Governmental Agency, which Violation could have a materially adverse impact on any of them. For purposes of this certification, a Violation shall mean any act or omission complained of which, if uncured, would be in violation of (a) any applicable statute, code, ordinance, rule or regulation, (b) any agreement or instrument to which the Governmental Agency and the Company or a Managing Member is a party or to which the Project is subject, (c) any license or permit, or (d) any judgment, decree or order of a court. Any exceptions to the foregoing shall be described in such certification. In addition, if requested by the Investor Member in writing, within a reasonable time after receipt of such a request, each Managing Member shall send to the Investor Member such recent financial statements (including a balance sheet and statement of income) as shall have been so requested.

Section 12.2 Bank Accounts

Subject to any Requisite Approvals, the bank accounts of the Company shall be maintained at Bank of America, N.A., as its principal bank, for deposits and the maintenance of business, cash management, operating and administrative deposit accounts. Specifically, the Managing Member will establish and maintain a separate operating account for the Company (the Operating Account). All Cash Receipts from the Project will be deposited into the Operating Account and all Operating Expenses will be paid out of the Operating Account. All funds of the Company in excess of those necessary to for the short-term operation of the Project will be invested in the name of the Company or the Managing Member, under such terms and conditions (including signatories)

as the Investor Member approves in writing. Withdrawals shall be made only in the regular course of Company business on the signature of the Managing Member. All deposits and other funds not needed in the operation of the business shall be deposited, to the extent permitted by the Lender and the Governmental Agency, in interest-bearing accounts or invested in short-term United States Government obligations maturing within one (1) year. Promptly upon the request of the Investor Member, the Managing Member will obtain and deliver to the Investor Member full, complete and accurate statements of the amounts and status of all Company bank accounts and all withdrawals therefrom and deposits thereto.

Section 12.3 Elections

Unless the Investor Member shall specify a different permissible treatment in writing, and except to the extent otherwise required by Section 168(g)(1)(B) of the Code, the Company shall depreciate its residential rental property, site improvements and personal property costs, respectively, over twenty-seven and a half (27.5) years, fifteen (15) years and five (5) years for federal income tax purposes and over forty (40) years, twenty (20) years and ten (10) years for financial accounting purposes. Subject to the provisions of Section 12.4, all other elections required or permitted to be made by the Company under the Code shall be made by the Managing Members with the Consent of the Investor Member.

Section 12.4 Special Adjustments

Upon request of the Investor Member, the Managing Member will immediately file an election under Section 754 of the Code and the corresponding Treasury Regulations on behalf of the Company to adjust the basis of the Company s assets under Section 734(b) or 743(b) and a corresponding election under the applicable sections of state and local law. In the event of a Transfer of all or any part of any Interest of a Member, the Company shall elect, if requested by the transferee, to adjust the basis of Company assets pursuant to Section 754 of the Code (or corresponding provisions of succeeding law). Notwithstanding anything to the contrary contained in Article X, any such adjustment shall affect only the successor in interest to the transferring Member. Each Member will furnish the Company with all information necessary to give effect to such election.

Section 12.5 Fiscal Year

The Fiscal Year of the Company shall be the calendar year unless a different year is required by the Code.

ARTICLE XIII

GENERAL PROVISIONS

Section 13.1 Notices

Except as otherwise specifically provided herein, all notices, demands or other communications hereunder shall be in writing and deemed to have been given when the same are (i) deposited in the United States mail and sent by certified or registered mail, postage prepaid, (ii) deposited with Federal Express or similar overnight delivery service, (iii) transmitted by telecopier

or other facsimile transmission, answerback requested, or (iv) delivered personally, in each case to the parties at the addresses set forth below or at such other addresses as such parties may designate by notice to the Company:

If to the Company, at the principal office of the Company set forth in Section 2.2, and if to a Member, at its address set forth in the Schedule, with copies to Holland & Knight LLP, 10 St. James Avenue, Boston, MA 02116, Attention: James E. McDermott, Esq. and SRH Law PLLC, 11 South 12th Street, Suite 403, Richmond, VA 23219, Attention: Saundra R. Hirth, Esq.

Section 13.2 Word Meanings

The words such as herein, hereinafter, hereof, and hereunder refer to this Agreement as a whole and not merely to a subdivision in which such words appear unless the context otherwise requires. The singular shall include the plural and the masculine gender shall include the feminine and neuter, and vice versa, unless the context otherwise requires. Any references to Sections or Articles are to Sections or Articles of this Agreement, unless reference is expressly made to a different document.

Section 13.3 Binding Provisions

The covenants and agreements contained herein shall be binding upon, and inure to the benefit of, the heirs, legal representatives, successors and assignees of the respective parties hereto, except in each case as expressly provided to the contrary in this Agreement. Subject to the preceding sentence, none of the provisions of this Agreement shall be for the benefit of any lender or any other Person who is not a Member.

Section 13.4 Applicable Law

This Agreement shall be construed and enforced in accordance with the internal laws of the State.

Section 13.5 Counterparts

This Agreement may be executed in several counterparts and all so executed shall constitute one agreement binding on all parties hereto, notwithstanding that all the parties have not signed the original or the same counterpart.

Section 13.6 Paragraph Titles

Paragraph titles and any table of contents herein are for descriptive purposes only, and shall not affect the meaning of this Agreement as set forth in the text.

Section 13.7 Separability of Provisions; Rights and Remedies

A. Each provision of this Agreement shall be considered separable and (i) if for any reason any provisions herein are determined to be invalid and contrary to any existing or future law, such invalidity shall not impair the operation of or affect those portions of this Agreement which are valid, or (ii) if for any reason any provisions herein would cause the Non-Managing

Members to be bound by the obligations of the Company under the laws of the State as the same may now or hereafter exist, such provisions shall be deemed void and of no effect.

B. Each of the parties hereto irrevocably waives during the term of the Company (including any periods during which the business of the Company is required to be continued under Article VII) any right (i) that such party may have to maintain any action for partition with respect to the property of the Company, and (ii) to commence an action seeking dissolution of the Company (unless the Consent of the Investor Member has been obtained).

C. The rights and remedies of any of the parties hereunder shall not be mutually exclusive, and the exercise of one or more of the provisions hereof shall not preclude the exercise of any other provisions hereof. Each of the parties confirms that damages at law may be an inadequate remedy for breach or threat of breach of any provisions hereof. The respective rights and obligations hereunder shall be enforceable by specific performance, injunction, or other equitable remedy, but nothing herein contained is intended to limit or affect any rights at law or by statute or otherwise of any party aggrieved as against the other parties for a breach or threat of breach of any provision hereof, it being the intention that the respective rights and obligations of the Members shall be enforceable in equity as well as at law or otherwise.

D. Each Member and each Guarantor irrevocably:

(i) agrees that any suit, action or other legal proceeding arising out of this Agreement, any of the Related Agreements or any of the transactions contemplated hereby or thereby shall be brought in the courts of record of Albemarle County of the Commonwealth of Virginia or the courts of the United States located in the Western District of Virginia;

(ii) consents to the jurisdiction of each such court in any such suit, action or proceeding;

(iii) waives any objection which he may have to the laying of venue of any such suit, action or proceeding in any of such courts; and

(iv) waives its right to a jury trial with respect to any suit, action or other legal proceeding arising out of this Agreement, any of the Related Agreements or any of the transactions contemplated hereby or thereby.

Section 13.8 Effective Date of Admission

Any Member admitted to the Company during any calendar month shall be deemed to have been admitted as of the first day of such calendar month for all purposes of this Agreement including the allocation of profits, losses and credits under Article X; *provided*, *however*, that if regulations are issued by the Service or an amendment to the Code is adopted which would require, in the opinion of the Accountants, that a Member be deemed admitted on a date other than as of the first day of such month, then the Managing Members shall select a permitted admission date which is most favorable to the Member.

Section 13.9 Delivery of Certificate

Promptly upon the filing of the Certificate and each amendment thereto in the appropriate filing office, the Managing Members shall deliver or mail a copy thereof to each Non-Managing Member.

Section 13.10 Additional Information

At the request of the Investor Member, the Managing Members shall furnish to the Investor Member: (i) Plans and Specifications for the Project; (ii) manuals, booklets and other documents describing the location and operation of all systems within the Project, including without limitation heating, air conditioning, elevator, electrical and plumbing systems; (iii) a list and copies of all agreements concerning the maintenance, operation and management of the Project; and (iv) such other information regarding the Company, the Project or the Related Agreements as the Investor Member may reasonably request.

Section 13.11 Further Documents and Actions

The Members agree that they shall, from time to time, execute and deliver such further documents and do such further actions and things as may be reasonably requested by any other such party in order to effect fully the purposes of this Agreement and each other agreement or instrument identified on the Document Schedule.

Section 13.12 Brokers or Finders

The parties hereto agree that no broker or finder has any claim for commissions or fees in connection with the transaction embodied herein. The Managing Members shall jointly and severally indemnify the Non-Managing Members against any brokers or finders fees or commissions claimed through the Managing Members or their Affiliates in connection with the transactions contemplated hereby, including without limitation fees or commissions claimed by any syndicator or consultant engaged by the Managing Members or any of their Affiliates. Fees payable to Bank of America, N.A. are not covered hereby.

Section 13.13 Amendment

This Agreement may only be amended in writing signed by the Managing Member, the Investor Member and the Special Member. All parties agree that no oral agreements or course of conduct of the parties shall be deemed to be an amendment to this Agreement unless in writing signed as described above.

Section 13.14 Publicity Rights

At the Investor Member s request, but at the expense of the Company, the Managing Member will place a sign at a location on the Property satisfactory to the Investor Member, which sign will recite, among other things, that Bank of America, N.A. is the investor member in the Company. The Managing Member expressly authorizes the Investor Member to prepare and to furnish to the news media for publication from time to time news releases with respect to the Property, specifically to include releases detailing Bank of America, N.A. s involvement with the

Property. Bank of America, N.A. may feature the Project in a series of marketing materials that may be distributed both inside and outside of Bank of America, N.A. These materials may include the names of the Managing Member, the Developer, the Guarantor, or the Project sponsor, a description of the Property type, its features, and its impact on the community, the size of the Project, in terms of both the units produced and the development costs, the Bank of America, N.A. products/services utilized in undertaking the Project (including amounts), and pictures and renderings of the Project. The Managing Member and its Affiliates irrevocably grant to the Investor Member and its Affiliates the right to use, publish, produce, copyright, and to distribute to the public from time to time, in various forms of promotional materials, any information obtained by the Investor Member concerning the Managing Member (excluding, however, financial information regarding the Managing Member, the Guarantor, and Project sponsor, or other information of a sensitive nature that reasonable parties would agree is not suitable for public distribution), its name, projects financed in whole or in part by Bank of America, N.A., and any financial relationships or transactions entered into between the Managing Member and Bank of America, N.A. or its Affiliates, specifically including photographs or images of the Project, whether or not such information, photographs or images are provided by or on behalf of the Managing Member. The Managing Member hereby releases any and all interest it may now or hereafter have in such promotional materials and any information, photographs or images used in connection therewith.

ARTICLE XIV

ANTI-BRIBERY/ANTI-CORRUPTION

Section 14.1 Anti-Bribery/Anti-Corruption Representations and Warranties.

A. The Managing Member is aware of the U.S. Foreign Corrupt Practices Act of 1977, as amended (FCPA), and any other relevant regulations, and understands its relevance in the transaction to Bank of America, N.A. Bank of America, N.A. is committed to strict compliance to all requirements both in the letter and spirit of all relevant laws. Managing Member therefore makes the following representations and warranties in connection with the transaction or activity:

B. Familiarity and compliance with Bribery & Corruption prohibitions. The Managing Member represents and warrants that it is familiar with the FCPA and/or other relevant bribery and/or corruption laws or regulations and its purposes, including its prohibition against taking corrupt or improper actions in furtherance of an offer, payment, promise to pay or authorization of the payment of anything of value, including but not limited to cash, checks, wire transfers, tangible and intangible gifts, favors, services, and those entertainment, travel expenses or any other financial advantage that goes beyond what is legal, reasonable and customary and of modest value, to:

(i) an executive, official, employee or agent of a governmental department, agency or instrumentality;

(ii) a director, officer, employee or agent of a wholly or partially government-owned or government-controlled entity;

(iii) a political party or official thereof, or candidate for political office;

(iv) an executive, official, employee or agent of a public international organization (e.g., the International Monetary Fund or the World Bank); or

(v) any other person, entity or party,

while knowing or having a reasonable belief that all or some portion of the financial or other advantage will be used for the purpose of:

(a) influencing any act, decision or failure to act by a person in his or her private or official capacity;

(b) inducing a person to use his or her influence or instrumentality to affect any act or decision; or

(c) offering, requesting or securing an improper or illegal advantage; in order to obtain, retain, direct business or any other advantage.

C. Subsequently identified bribery and corruption laws or regulatory concerns. The parties will meet promptly, as appropriate, in light of a potential bribery or corruption concern being identified, discovered, or disclosed as the result of an ongoing or pending investigation conducted by federal, state or municipal authorities. If, after consultation by all parties to the transaction, any such bribery or corruption concern cannot be resolved in the good faith and reasonable judgment of Bank of America, N.A., then Bank of America, N.A., on written notice to the Managing Member, may withdraw from or terminate this agreement without penalty.

D. Non Government Employees. The Managing Member represents that none of its officers, directors, senior managers, partners, owners, or principals are Government Employees.

Under Bank of America, N.A. policy, a Government Employee includes:

- Any officers and employees, regardless of rank, of a branch of government, whether national, state, provincial or local/municipal;
- Governmental departments, ministries and agencies;
- Judiciary;
- Public Hospitals;
- Central Bank officials and employees;
- Pension funds or systems;
- Sovereign Wealth Funds and employees;
- Customs Officials;
- Officers and employees of a wholly or partially Government-owned or Government controlled entity;
- Officers and employees of a public international organization;
- Officers and employees of Self-Regulatory Organizations (SROs);
- Political parties and their officers or employees;
- Individuals acting in an official capacity or on behalf of any government or public international organization (e.g., an official advisor to the government);
- Candidates for political office and the official campaign staff of such candidates;
- Members of a ruling monarchical or royal family;

- Close family members or close associates (e.g. key advisors) of Government Employees as defined above.

The Managing Member agrees that if any of its officers, directors, senior managers, partners, owners, or principals becomes a Government Employee (prior to the completion of this transaction or during the relationship), then the Managing Member will promptly notify Bank of America, N.A. in writing. On receipt of a written notice, the Parties will consult together to address possible issues of compliance with the FCPA and or other relevant bribery and corruption laws and regulations and determine whether those issues can be satisfactorily resolved. If, after consultation, any such issues cannot be resolved in the good faith and reasonable judgment of Bank of America, N.A., then Bank of America, N.A., on written notice to the Managing Member, may withdraw from or terminate this agreement without penalty.

E. Previous or pending violations. The Managing Member warrants that it has not breached any local bribery and corruption requirements, unless these have been fully disclosed to the Bank, and that it has no reason to suspect any investigation is (or is about) to take place by any regulator or law enforcement authority in relation to its (or its officers, agents or otherwise) activities in any jurisdiction in relation to bribery and or corruption violations unless these have been fully disclosed to the Bank.

F. Role of Government Employee. The Managing Member represents and warrants that no Government Employee who is an officer, director, senior manager, partner, owner, principal or investor of the Managing Member has been involved on behalf of a Government in decisions as to whether the Managing Member or Bank of America, N.A. would be awarded business or that otherwise could benefit the Managing Member or Bank of America, N.A., or in the appointment, promotion, or compensation of persons who will make such decisions. The Managing Member further represents and warrants that no such Government Employee will use their Government positions to influence acts or decisions of a Government for the benefit of the Managing Member or Bank of America, N.A. or any other linked person(s). Managing Member further represents and warrants that such Government Employees will not meet or communicate with Government Employees on behalf of the Managing Member or Bank of America, N.A. without advising the Managing Member in writing in advance of such meeting or communication, and the Managing Member will promptly provide such writing to Bank of America, N.A.

ARTICLE XV

AUTHORITY PROVISION

A. Notwithstanding any other provision of this Agreement, this limited liability company and the members shall be subject to regulation and supervision by the Authority in accordance with the Virginia Housing Development Authority Act, the Rules and Regulations of the Authority, and the Regulatory Agreement executed or to be executed by and between this limited liability company and the Authority and shall be further subject to the exercise by the Authority of the rights and powers conferred on the Authority thereby. Notwithstanding any other provision of this Agreement, the Authority 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 the Authority. As used in this Article XV, Authority means the Virginia Housing and Development Authority.

[REMAINDER OF PAGE INTENTIONALLY LEFT BLANK]

IN WITNESS WHEREOF, the parties have caused this Agreement to be duly executed under seal as of the day and year first above written.

MANAGING MEMBER:

CV MANAGING MEMBER, LLC, a Virginia limited liability company

By: _____
Name: Richard W. Gregory
Title: Authorized Signatory

MANAGEMENT AGENT:
(Pursuant to Section 11.1)

CORERVA PROPERTIES, INC., a Virginia corporation

By: _____
Name: Richard W. Gregory
Title: Authorized Signatory

DEVELOPER:
(For Purposes of Section 7.7)

CV DEVELOPER, L.L.C., a Virginia limited liability company

By: _____
Name: Richard W. Gregory
Title: Authorized Signatory

INVESTOR MEMBER:

BANK OF AMERICA, N.A., a national banking association

By: _____
Name: Diana DiPreta
Title: Vice President

SPECIAL MEMBER:

BANC OF AMERICA CDC SPECIAL HOLDING COMPANY, INC., a North Carolina corporation

By: _____
Name: Diana DiPreta
Title: Vice President

Exhibit A

CARLTON VIEWS I, LLC

SCHEDULE OF MEMBERS

As of March 7, 2016

Name and Business Address	Capital Contributions	Percentage of Company Interests for Class
MANAGING MEMBERS:		
CV Managing Member, LLC c/o Fountainhead Properties 7 East 2nd Street Richmond, Virginia 23244 804.929.5435 (Telephone No.)	$100	100%
INVESTOR MEMBER:		
Bank of America, N.A. MA1-225-02-02 225 Franklin Street Boston, MA 02110 Attention: Nicole McCloy (617) 347-5779 (Telephone No.) (617) 346-2724 (Fax No.)	$7,173,541*	100%
SPECIAL MEMBER:		
Banc of America CDC Special Holding Company, Inc. MA1-225-02-02 225 Franklin Street Boston, MA 02110 Attention: Nicole McCloy (617) 347-5779 (Telephone No.) (617) 346-2724 (Fax No.)	$0	100%

* Payable in accordance with Article V and includes the Expense Reimbursement Contribution.

Form **8609**
(Rev. May 2018)
Department of the Treasury
Internal Revenue Service

Low-Income Housing Credit Allocation and Certification

▶ Go to *www.irs.gov/Form8609* for instructions and the latest information.

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)
1333 Carlton Avenue
Charlottesville, VA 22902

B Name and address of **housing credit agency**
Virginia Housing Development Authority
601 S. Belvidere Street
Richmond, VA 23220

C Name, address, and TIN of **building owner** receiving allocation
Carlton Views II, LLC
7 East 2nd Street
Richmond, VA 23224

TIN ▶ **46-1056720**

D Employer identification number of agency
54-0921892

E Building identification number (BIN)
VA1954001

1a	Date of allocation ▶ **12/6/2019** b Maximum housing credit dollar amount allowable	1b	**$635,000**
2	Maximum applicable credit percentage allowable (see instructions)	2	**9.00 %**
3a	Maximum qualified basis	3a	**$7,055,556**
b	Check here ▶ ☒ if the eligible basis used in the computation of line 3a was increased under the high-cost area provisions of section 42(d)(5)(B). Enter the percentage to which the eligible basis was increased (see instructions)	3b	**130 %**
4	Percentage of the aggregate basis financed by tax-exempt bonds. (If zero, enter -0-.)	4	**0.00 %**
5	Date building placed in service ▶ **1/25/2021**		

6 Check the boxes that describe the allocation for the building (check those that apply):
- **a** ☐ Newly constructed and federally subsidized **b** ☒ Newly constructed and **not** federally subsidized **c** ☐ Existing building
- **d** ☐ Sec. 42(e) rehabilitation expenditures federally subsidized **e** ☐ Sec. 42(e) rehabilitation expenditures **not** federally subsidized
- **f** ☐ 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	Name (please type or print)	Date
Stephanie Flanders	**Stephanie Flanders, Authorized Officer**	7-5-2022

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	11,790,844
8a	Original qualified basis of the building at close of first year of credit period	8a	11,790,844
b	Are you treating this building as part of a multiple building project for purposes of section 42 (see instructions)?	☐ Yes	☒ No
9a	If box 6a or box 6d is checked, do you elect to reduce eligible basis under section 42(i)(2)(B)?	☐ Yes	☐ 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)? ▶	☐ Yes	☐ No

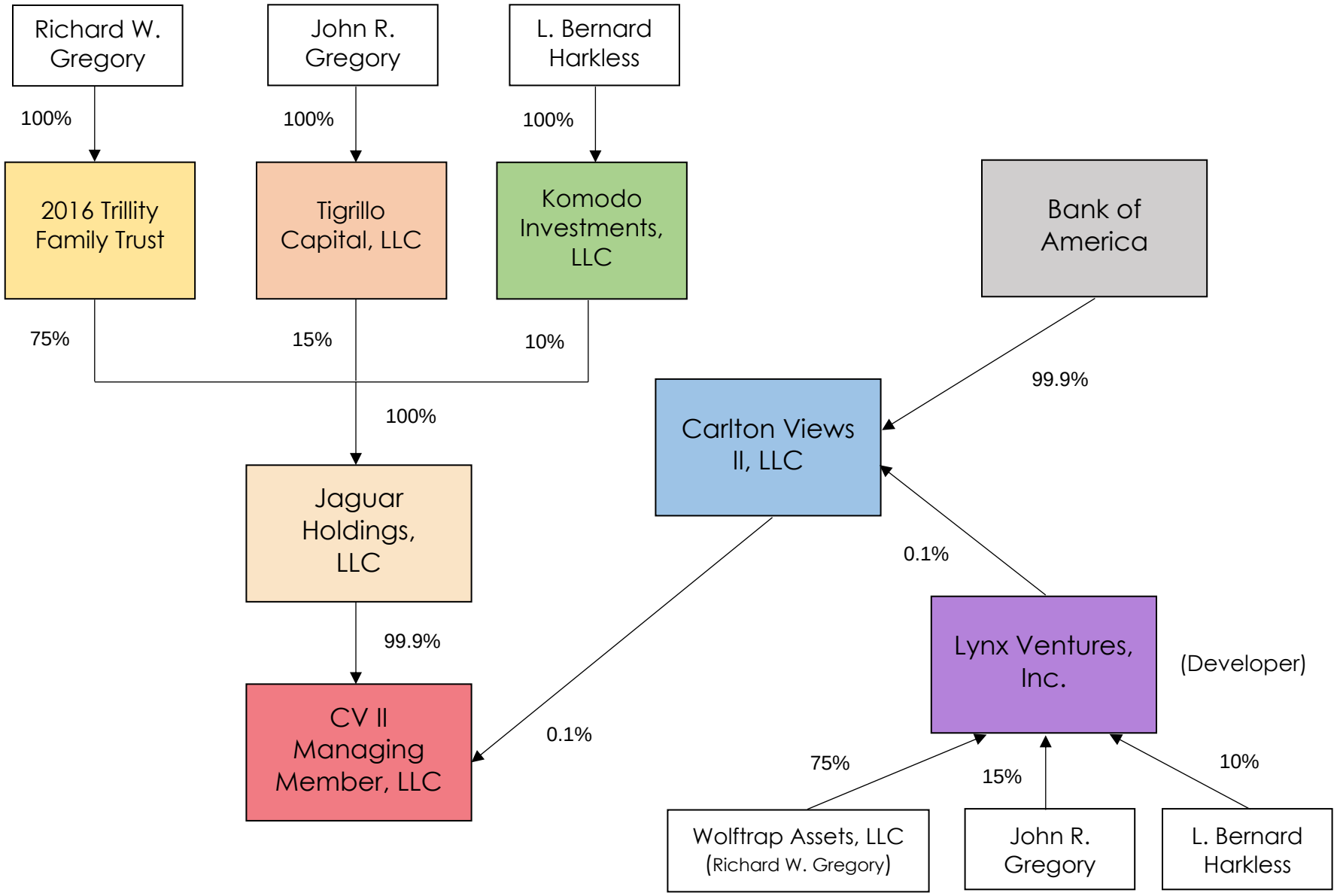
10 Check the appropriate box for each election.
Caution: Once made, the following elections are irrevocable.
- **a** Elect to begin credit period the first year after the building is placed in service (section 42(f)(1)) ▶ ☐ Yes ☒ No
- **b** Elect **not** to treat large partnership as taxpayer (section 42(j)(5)) ▶ ☐ Yes
- **c** Elect minimum set-aside requirement (section 42(g)) (see instructions):
  ☐ 20-50 ☒ 40-60 ☐ Average income ☐ 25-60 (N.Y.C. only)
- **d** Elect deep rent skewed project (section 142(d)(4)(B)) (see instructions) ☐ 15-40

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

Signature	Taxpayer identification number	Date
	46-1056720	7/6/22

Name (please type or print)	First year of the credit period
LAWRENCE BERNARD HARKLESS JR	2021

CARLTON VIEWS II, LLC
Anticipated Organizational Structure at Closing – 03/08/2019



CARLTON VIEWS II, LLC

AMENDED AND RESTATED OPERATING AGREEMENT

Dated as of August 8, 2019

TABLE OF CONTENTS

CARLTON VIEWS II, LLC

AMENDED AND RESTATED OPERATING AGREEMENT dated as of August 8, 2019 among CV II MANAGING MEMBER, LLC, a Virginia limited liability company, as Managing Member (the "Managing Member"); BANK OF AMERICA, N.A., a national banking association, as Investor Member (the "Investor Member"); and BANC OF AMERICA CDC SPECIAL HOLDING COMPANY, INC., a North Carolina corporation, as Special Member (the "Special Member").

Preliminary Statement

The Company was formed as a limited liability company under the Uniform Act pursuant to an Declaration of Operation dated as of July 13, 2017, (the "Original Operating Agreement") and an Articles of Organization dated as of September 17, 2012 (as amended, the "Certificate") filed with the Office of the Secretary of State of the Commonwealth of Virginia (the "Filing Office"). The certificate was amended pursuant to that certain Articles of Amendment dated as of July 13, 2017 and filed with the Filing Office on July 28, 2017

The purposes of this amendment to, and restatement of, the Original Operating Agreement are to (i) admit the Investor Member and the Special Member as Members; and (ii) to set out more fully the rights, obligations and duties of the Members.

Now, therefore, it is agreed and certified, and the Original Operating Agreement is hereby amended and restated in its entirety, as follows:

ARTICLE I

DEFINED TERMS

The defined terms used in this Agreement shall have the meanings specified below:

"Accountants" means Dixon Hughes Goodman or any other firm of certified public accountants as may be engaged by the Managing Members with the Consent of the Investor Member.

"*Adjusted Aggregate Federal Low Income Tax Credit Amount*" means the product of (i) 99.99% and (ii) the aggregate amount of Federal Low Income Tax Credits that is determined by the Accountants, at Cost Certification, to be available to the Property (and is reflected in the final IRS Form(s) 8609 for the Property) for the entire Credit Period, as such amount may be increased or decreased as a result of a subsequent determination by the Accountants, a Final Determination or a Recapture Event.

"*Adjusted Capital Account*" means, with respect to any Member, the Capital Account of such Partner as of the end of the relevant Taxable Year, after giving effect to the adjustments described in the definition of "*Adjusted Capital Account Deficit*."

"*Adjusted Capital Account Deficit*" of any Member means, as of any particular date, the deficit balance, if any, in such Member's Capital Account as of such date, as determined in the manner provided in Section 4.3B and by then adjusting such Capital Account as so determined as follows:

(i) Such Capital Account shall be increased to reflect any amounts which such Member is obligated to restore to the Company under any provision of this Agreement or is treated as being obligated to restore under Treas. Reg. §81.704-1(b)(2)(ii)(c) or is deemed to be obligated to restore pursuant Treas. Reg. §§ 1.704-2(g)(l) and 1.704-2(i)(5); and

(ii) Such Capital Account shall be reduced to reflect any items described in Treas. Reg. §1.704-l(b)(2)(ii)(d)(4), (5) and (6).

"Admission Date" means the date on which the Investor Member is admitted to the Company pursuant to Section 13.8.

"Adverse Consequences" means (i) all damages, dues, penalties, fines, costs, reasonable amounts paid in settlement, liabilities, obligations, taxes, liens, losses, expenses and fees, including court costs and reasonable attorneys' fees and expenses actually paid or to be paid, by the party suffering the Adverse Consequences in connection with any and all actions, suits, proceedings, hearings, investigations, charges, complaints, claims, demands, injunctions, judgments, orders, decrees, and rulings and (ii) the costs of any reasonable and actual fees or other compensation to third parties reasonably required in connection with replacement of a Managing Member.

"Affiliate" means, when used with reference to a specified Person: (i) any Person that, directly or indirectly, through one or more intermediaries, controls or is controlled by or is under common control with the specified Person; (ii) any Person that is an officer of, partner in, or trustee of, or serves in a similar capacity with respect to the specified Person or of which the specified Person is an officer, partner, or trustee, or with respect to which the specified Person serves in a similar capacity; (iii) any Person that, directly or indirectly, is the beneficial owner of, or controls, 10% or more of any class of equity securities of, or otherwise has a substantial beneficial interest (10% or more) in, the specified Person, or of which the specified Person is directly or indirectly the owner of 10% or more of any class of equity securities, or in which the specified Person has a substantial beneficial interest (10% or more); and (iv) any relative or spouse of the specified Person. Affiliate of the Company or a Managing Member does not include a Person who is a partner in a partnership or joint venture with the Company unless that Person is an Affiliate of the Company or Managing Member.

"*After-Tax Basis*" means with respect to any payment to be received by a Person (or, in the case of a passthrough entity, the partners or members of such Person), the amount of such payment supplemented by a further payment or payments so that, after deducting from such payments the amount of all Taxes (net of any current credits, deductions or other tax benefits arising from the payment by such Person (or its partners or members) of any amount, including Taxes, for which the payment to be received is made) imposed currently on such Person by any Governmental Agency or other taxing authority with respect to such payments, the balance of such payments shall be equal to the original payment received; *provided*, *however*, for the

purposes of this definition, and for purposes of any payment to be made to a Person (or its partners or members) on an After-Tax Basis, it shall be assumed that federal, state and local taxes are payable at the actual marginal federal and state statutory income tax rate (taking into account the deductibility of state income taxes for federal income tax purposes) applicable to such Person.

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

"*Allocation Regulations*" means the Treasury Regulations promulgated under Section 704(b) of the Code, as the same may be amended or restated from time to time. In the event that the Allocation Regulations are amended or restated subsequent to the Admission Date, references herein to sections or paragraphs of the Allocation Regulations shall be deemed to be references to the applicable sections or paragraphs of the Allocation Regulations as then in effect.

"*Appraised Value*" means, as of the Determination Date, the estimated fair market value of an asset determined by an Independent Appraiser in accordance with the procedures set forth in Section 7.7F. In determining the Appraised Value of the real estate comprising the Property, such Independent Appraiser shall take into account the rent and occupancy restrictions affecting the Project, which are set forth in the Code or in the Project Documents, as well as any increase in real estate taxes which is triggered by the removal of a Managing Member.

"*Architect*" means Walter PARKS, Architect, PLLC, a Virginia professional limited liability company, and its successors.

"*Asset Management Fee*" means an annual fee payable to the Special Member equal to $7,500 per year, earned on an annual basis, beginning on the first day of the first month following Permanent Mortgage Commencement (with a pro-rata share of such fee earned for any partial calendar year) and increasing annually at a rate of 3%. The Asset Management Fee is payable solely from available Cash Flow and Capital Proceeds as provided in Section 10.1A and 10.1B and shall accrue, without interest, until there is sufficient cash available to pay accrued Asset Management Fee as set forth in Section 10.1A and 10.1B.

"*Assignment*" shall mean any assignment, transfer or sale, and the words "*assign*," "*assignee*" and "*assignor*" shall have correlative meanings, except in each case where the sense of this Agreement requires a different construction.

"*Builder*" means KBS, Inc., a Virginia corporation, and its successors.

"*Building*" *or* "*Buildings*" means the one (1) building to be located on the Land which will contain 44 dwelling units upon completion of construction.

"*Capital Account*" means, with respect to any Member, the individual capital account maintained by the Company with respect to such Partner, in accordance with the provisions of Section 4.3.

"*Capital Contribution*" means the total amount of cash contributed or agreed to be contributed to the Company by each Member as shown in the Schedule. Any reference in this Agreement to the Capital Contribution of a then Member shall include a Capital Contribution previously made by any prior Member in respect to the Company interest of such then Member. The term "Capital Contribution" shall include any Special Capital Contribution.

"*Capital Transaction*" means any transaction the proceeds of which are not includable in determining Cash Flow, including without limitation the sale, refinancing or other disposition of all or substantially all of the assets of the Company, but excluding loans to the Company (other than a refinancing of any Mortgage Loan) and contributions of capital to the Company by the Members.

"*Capital Proceeds*" means the proceeds of a Capital Transaction.

"*Carryover Allocation*" means the Carryover Allocation Agreement to be entered into by and between the Credit Agency and the Company providing for an allocation of 2019 Tax Credits to the Project in the annual amount of not less than $635,000.

"*Cash Available for Debt Service Requirements*" means, for any specified period of consecutive months beginning not earlier than the Completion Date, the excess of (i) all Cash Receipts during such period over (ii) all cash requirements of the Company properly allocable to such period of time on an accrual basis (not including distributions or fees to Members payable solely out of Cash Flow of the Company) and, on an annualized basis, all projected expenditures, including those of a seasonal nature which might reasonably be expected to be incurred on an unequal basis during a full annual period of operation, as determined by the Accountants but specifically excluding Debt Service Requirements. For purposes of this definition, (i) cash requirements of the Company shall include to the extent not otherwise covered above, full funding of reserves (as and when required), normal repairs and necessary capital improvements and (ii) if free rent or other rental concessions shall have been granted to tenants, the calculation of rental revenues under clause (i) of the preceding sentence shall be adjusted so that the effect of such concessions is amortized equally over the term of all leases (excluding renewal periods) to which they apply.

"*Cash Flow*" means the excess of Cash Receipts over Operating Expenses. Cash Flow shall be determined separately for each Fiscal Year or portion thereof.

"*Cash Receipts*" means with respect to a Fiscal Year or other applicable period, all rental revenue, laundry income, parking revenue, and other incidental revenues which are received by the Company on a cash basis during such period and arise from normal operations of the Project but specifically including interest on Company reserves, proceeds from insurance (other than business or rental interruption insurance), loans, Capital Proceeds or Capital Contributions. In addition, any amount released without restriction from any escrow account in a Fiscal Year shall be considered a cash receipt of the Company for such Fiscal Year.

"*Certificate*" means the certificate of organization of the Company under the Uniform Act, as amended from time to time in accordance with the terms hereof and the Uniform Act.

"*Charlottesville Grant Agreement*" means that certain Grant Agreement executed by the TJCLT on December 4, 2018 and the City on December 7, 2018.

"*Charlottesville Lender*" means Wolftrap 2012 Dynasty Trust and its successors and assigns as successor in interest to Thomas Jefferson Community Land Trust, a Virginia non-stock corporation ("*TJCLT*").

"*Charlottesville Loan*" means the permanent loan in the current outstanding principal amount of $1,320,000 made by the Charlottesville Lender to the Company, which loan has a maturity date of March 1, 2068, and bears simple interest at the rate of 1.75%. The Charlottesville Loan will be made from the proceeds of a grant from the City to the Charlottesville Lender, as described in the Charlottesville Grant Agreement. The Charlottesville Loan has been assigned to Wolftrap Farm 2012 Dynasty Trust, pursuant to the Charlottesville Loan Assignment Documents.

"*Charlottesville Loan Assignment Documents*" means the documents related to the assignment of the Charlottesville Loan and Charlottesville Loan Documents to Wolftrap Farm 2012 Dynasty Trust.

"*Charlottesville Loan Documents*" means the Charlottesville Grant Agreement, the Charlottesville Loan Modification Agreement, the Charlottesville Loan Mortgage, the Charlottesville Loan Note, the and all other documents executed and/or delivered in connection with, evidencing or securing the Charlottesville Loan.

"*Charlottesville Loan Modification Agreement*" means that certain Modification Agreement dated on or about the date hereof by and among the Charlottesville Lender, the Company and Richard W. Gregory, as trustee.

"*Charlottesville Loan Mortgage*" means, as amended, the deed of trust securing the obligations of the Company under the Charlottesville Loan Note.

"*Charlottesville Loan Note*" means, as amended, the promissory note in the original principal amount of $1,440,000 (as reduced to $1,320,000 pursuant to the Charlottesville Loan Modification Agreement) executed by the Company to evidence its obligation to repay the Charlottesville Loan

"*City*" means the City of Charlottesville, Virginia.

"*Code*" means the Internal Revenue Code of 1986, as amended from time to time, and the Treasury Regulations promulgated thereunder at the time of reference thereto.

"*Company*" means the limited liability company governed by this Agreement as said limited liability company may from time to time be constituted.

"*Company Counsel*" means SRH Law PLLC of Richmond, Virginia or such other counsel as the Managing Members may designate from time to time as counsel for the Company.

"*Company Management Agreement*" means the Company Management Agreement between the Company and the Managing Member pursuant to which the Managing Member is to provide certain management services to the Company.

"*Company Management Fee*" means the fee payable from time to time by the Company to the Managing Member for its management services to the Company pursuant to the Company Management Agreement.

"*Completion Date*" means the latest of: (i) the date on which the Investor Member shall have received copies of all requisite certificates or permits permitting occupancy of 100% of the Units in the Project as issued by each Governmental Agency having jurisdiction; *provided*, *however*, that if such certificates or permits are of a temporary nature, the "*Completion Date*" shall not be deemed to have occurred provided that the work remaining to be done is of a nature which would not impair the permanent occupancy of any of such Units; (ii) the date as of which the Construction Inspector certifies that the work to be performed by the Builder under the Construction Contract is substantially complete, subject only to punch list items not in excess of $75,000 in the aggregate, and that such work has been performed in a good and workmanlike manner in accordance with applicable requirements of all Governmental Agencies having jurisdiction over the Project and the Construction Documents; (iii) the Builder has delivered a lien waiver with respect to work performed and/or materials supplied through the Completion Date and for which it has been paid to date, and (iv) environmental remediation of the Property, if any, has been completed in accordance with the requirements of any Governmental Agency having jurisdiction over the Project. Any representation by any Managing Member under this Agreement that the Completion Date has occurred shall be subject to confirmation by the Investor Member pursuant to a physical inspection of the Property; *provided*, *however*, that in the event that the Investor Member does not make such physical inspection of the Property within fifteen (15) business days after having received any such Managing Member's representation, then the Investor Member will be deemed to have waived the physical inspection requirement. All objections to Investor Member's confirmation of Completion Date must be commercially reasonable, and shall be delivered in writing to the Managing Member, who will work in good faith and within a reasonable time to cure such objections made by the Investor Member.

"*Compliance Period*" means the entire period during which the "compliance period" described in Section 42(i)(1) of the Code shall be applicable to any Building.

"*Condemnation Awards*" means any and all judgments, awards of damages (including severance and consequential damages), payments, proceeds, settlements, amounts paid for a taking in lieu of condemnation of the Property, or other compensation heretofore or hereafter made, including interest thereon, and the right to receive the same, as a result of, or in connection with, any condemnation or threatened condemnation of the Property.

"*Consent of the Investor Member*" means the prior written consent or approval of the Investor Member, or, if at any time there is more than one Investor Member, the prior written consent or approval of at least 51% in interest of the Investor Members.

"*Construction Contract*" means the construction contract between the Company and the Builder providing for the construction of the Improvements, as amended from time to time.

"*Construction Documents*" means the Construction Contract, including, without limitation, the general conditions, project manual (including general requirements and technical specifications, drawings or sketches), the Plans and Specifications, and any addenda thereto, together with all trade contracts pursuant to which construction of the Improvements will be accomplished.

"*Construction Inspector*" means the Person performing construction review services for the Construction Lender, or such other Person designated from time to time by the Investor Member. At any time that the Construction Lender is the Investor Member or an Affiliate thereof, then the Construction Inspector will be the Person designated by the Construction Lender to perform the acts described in the preceding sentence.

"*Construction Lender*" means Bank of America, N.A. as maker of the Construction Loan, together with its successors and assigns in such capacity.

"*Construction Loan*" means the construction loan in the amount of up to $7,195,468 made by the Construction Lender to the Company, which loan has a term of 24 months (subject to a 6-month extension) and bears interest at a fluctuating rate of interest per annum equal to the LIBOR Monthly Floating Rate (as such term is defined in the Construction Loan Note) for that day plus two hundred fifty (250) basis points.

"*Construction Loan Agreement*" means the agreement by and between the Construction Lender and the Company which sets forth the terms and conditions upon which the Construction Loan is being made to the Company, including the automatic subordination of the Construction Loan to the First Mortgage Loan.

"*Construction Loan Documents*" means the Construction Loan Agreement, Construction Loan Mortgage, Construction Loan Note and all other documents evidencing and securing the Construction Loan or otherwise entered into connection therewith.

"*Construction Loan Mortgage*" means the first-priority deed of trust securing the obligations of the Company under the Construction Loan Note, which deed of trust will be subordinated to the First Mortgage Loan upon the closing and funding of the First Mortgage Loan.

"*Construction Loan Note*" means the promissory note in the original principal amount of $7,195,468 executed by the Company in favor of the Construction Lender as evidence of its obligation to repay the Construction Loan.

"*Construction Supervision Fee*" means the fee payable to Skyrise Construction, LLC pursuant to the Construction Supervision Fee Agreement between the Company and Skyrise Construction, LLC.

"*Consumer Price Index*" means the Consumer Price Index for All Urban Consumers, All Cities, for All Items (base 1982-84 = 100) published by the United States Bureau of Labor Statistics. In the event such index is not in existence when any determination relying on such index under this Agreement is to be made, the most comparable governmental index published in lieu thereof shall be substituted therefor.

"*Controlling Managing Member*" means any Controlling Managing Member designated as provided in Section 6.3B.

"*Cooperative Parking Agreement*" means that certain Declaration of Reciprocal Parking and Access Easements dated July 9, 2019 by and among multiple parties which are the owners of adjacent land and the Company to provide for the reciprocal granting of access easements and access to parking areas.

"*Cost Certification*" means the submission to, and acceptance by, the Credit Agency of a certified audit by the Accountants of the Company's development and related costs for purposes of establishing the amount of Federal Low Income Tax Credits available to the Project. A draft of the audit described in the preceding sentence shall be submitted to the Investor Member for approval prior to submission to the Credit Agency.

"*Credit Agency*" means the VHDA.

"*Credit Period*" means the entire period during which the "credit period" described in Section 42(f)(1) shall be applicable to any Building.

"*Credit Reservation*" means the Credit Reservation issued by the Credit Agency on November 16, 2018 providing for a conditional reservation of 2019 Tax Credits to the Project in the annual amount of $635,000.

"*Debt Service Coverage Ratio*" means, for any specified period of consecutive calendar months beginning not earlier than the Completion Date, a fraction, the numerator of which is the Cash Available for Debt Service Requirements with respect to such period and the denominator of which is the Debt Service Requirements for such period. The achievement by the Company of a specified Debt Service Coverage Ratio shall be confirmed by the Accountants and shall be subject to independent confirmation by the Investor Member pursuant to a physical inspection of the Property for the purpose of confirming that the Property is in good condition and repair (ordinary wear and tear excepted); *provided*, *however*, that (i) no objection by the Investor Member to the determination of the Accountants based on its physical inspection of the Property shall be valid unless the Managing Members are notified of such objection, and the specific reasons therefor, within seven (7) business days following the completion of such inspection and (ii) in the event that the Investor Member does not make such physical inspection of the Property within fifteen (15) business days after having received the Accountants' determination letter, then the Investor Member will be deemed to have waived the physical inspection requirement.

"*Debt Service Requirements*" means, for any specified period of consecutive calendar months beginning not earlier than the Completion Date, all debt service, mortgage insurance premium and/or other cash requirements imposed by the First Mortgage Loan or any other indebtedness properly allocable to such period of time on an annualized accrual basis as determined by the Accountants.

"*Deferred Development Fee*" has the meaning attributed thereto in the Development Agreement.

"*Depreciation*" means, for each Taxable Year or other period, an amount equal to the depreciation, amortization, or other cost recovery deduction allowable with respect to an asset for such Taxable Year or other period, except that if the Gross Asset Value of an asset differs from its adjusted basis for federal income tax purposes at the beginning of such Taxable Year or other period, Depreciation shall be an amount which bears the same ratio to such beginning Gross Asset Value as the federal income tax depreciation, amortization, or other cost recovery deduction for such Taxable Year or other period bears to such beginning adjusted tax basis; provided, however, that if the adjusted basis for federal income tax purposes of an asset at the beginning of such Taxable Year is zero, Depreciation shall be determined with reference to such beginning Gross Asset Value using any reasonable method selected by the Managing Member.

"*Designated Prime Rate*" means the annual rate of interest which is at all times equal to the lesser of (i) the highest prime rate as published in the *Wall Street Journal* (or any comparable publication selected by the Investor Member in its reasonable discretion if the *Wall Street Journal* ceases to publish such index), with calculations of interest to be made on a daily basis and on the basis of a three hundred sixty (360)-day year and (ii) the maximum rate permitted by law in the applicable context.

"*Designated Proceeds*" means the proceeds of the Mortgage Loans, any net rental or other miscellaneous income of the Company as of the Completion Date (to the extent not otherwise covered by this Designated Proceeds definition) which is permitted by any applicable Lender or Governmental Agency to be utilized for Development Costs, the Capital Contributions (excluding any Special Capital Contributions and Capital Contributions of the Managing Members in excess of the amounts permitted under Section 4.1), and any insurance proceeds arising out of casualties prior to the Development Obligation Date.

"*Determination Date*" means the last day of the month preceding the month in which the Removal Notice Date occurs.

"*Developer*" means Lynx Ventures, Inc., a Virginia corporation.

"*Development Advances*" has the meaning set forth in Section 6.7.

"*Development Agreement*" means the Development Agreement of even date herewith between the Company and the Developer, as amended.

"*Development Amount*" has the meaning attributed thereto in the Development Agreement.

"*Development Costs*" means all costs (including the Development Amount net of the Deferred Development Fee) incurred to (i) acquire the Land, (ii) complete the construction of the Improvements 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 equip the Improvements or cause the same to be equipped, all substantially in accordance with the Project Documents and the drawings and specifications forming a part of the Construction Contract, (iii) arrive at Final Closing in substantial conformity with the Project Documents, (iv) discharge all Company liabilities and obligations arising out of any casualty giving rise to the receipt of insurance proceeds, (v) pay or provide for all other payments, expenses, escrows or reserves required by

this Agreement or by any Lender, Governmental Agency or Company creditor to be made, incurred or funded through the Development Obligation Date (other than Operating Expenses incurred through the Development Obligation Date and reserves which are to be funded from other sources) and (vi) pay all Environmental Compliance Costs and all costs associated with the performance of any radon remediation activities which may be required pursuant to Section 12.1G.

"*Development Deficit Loan*" has the meaning set forth in Section 6.7.

"*Development Obligation Date*" means the latest to occur of (i) three (3) consecutive calendar months of not less than 93% occupancy of the Units, (ii) the Completion Date, (iii) the Initial Occupancy Date, (iv) Final Closing, and (v) delivery of the Certificate of Achievement of Development Obligation Date in the form attached to **Exhibit L**.

"*Disqualifying Event*" means a material event or circumstance relating to the Company or Project which, unless cured, would give rise to a "flag" affecting Bank of America, N.A. or its Affiliates under the HUD previous participation certification system or any comparable previous participation qualification system maintained by any other jurisdiction and which would adversely impact the ability of Bank of America, N.A. or its Affiliates to participate in properties utilizing federal, state or local subsidized housing programs. Without limitation of the foregoing, if the Company shall be subject to regulation by HUD, the determination by HUD that the Project has failed to satisfy HUD's minimum standards for physical condition (under current practice, receipt of a HUD REAC inspection score of under 31) and other conditions under which a flag could be placed on the Project pursuant to HUD Notice H-2011-24, issued September 13, 2011, shall be deemed an event described in the preceding sentence.

"*Document Schedule*" means the Related Agreements identified in **Exhibit B**.

"*Economic Risk of Loss*" has the meaning set forth in Treas. Reg. §1.752-2.

"*Election Notice*" has the meaning given to it in Section 5.3B.

"*Eligible Basis*" has the meaning set forth in Section 42(d) of the Code and the Treasury Regulations thereunder.

"*Entity*" means any general partnership, limited partnership, limited liability company or partnership, corporation, joint venture, trust, business trust, cooperative or association.

"*Environmental Compliance Costs*" means all costs necessary to bring the Land and the Project into compliance with all Hazardous Waste Laws.

"*Environmental Reports*" means the environmental reports listed in **Exhibit I**.

"*Event of Bankruptcy*" means, as to a specified Person:

(i) the entry of a decree or order for relief by a court having jurisdiction in the premises in respect of such Person in an involuntary case under the federal bankruptcy laws, as now or hereafter constituted, or any other applicable federal or state bankruptcy,

insolvency or other similar law, or appointing a receiver, liquidator, assignee, custodian, trustee, sequestrator (or similar official) of such Person or for any substantial part of his property, or ordering the winding-up or liquidation of his affairs and the continuance of any such decree or order unstayed and in effect for a period of ninety (90) consecutive days; or

(ii) the commencement by such Person of a voluntary case under the federal bankruptcy laws, as now constituted or hereafter amended, or any other applicable federal or state bankruptcy, insolvency or other similar law, or the consent by him to the appointment of or taking possession by a receiver, liquidator, assignee, trustee, custodian, sequestrator (or similar official) of such Person or for any substantial part of his property, or the making by him of any assignment for the benefit of creditors, or the failure of such Person generally to pay his debts as such debts become due, or the taking of action by such Person in furtherance of any of the foregoing; or

(iii) in the case of a Person who is a Managing Member, the voluntary withdrawal of such Person as a Managing Member in violation of the terms of this Agreement.

"*Expense Reimbursement Contribution*" means a Special Capital Contribution in the amount of the actual legal and other professional costs of the Investor Member incurred in connection with the Investor Member's admission to the Company, in an amount up to $86,250. The Investor Member will make the Expense Reimbursement Contribution concurrent with the payment of the First Installment of its Capital Contribution. The proceeds of the Expense Reimbursement Contribution will be immediately disbursed by the Company to pay or to reimburse such expenses of the Investor Member.

"*Extended Use Agreement*" means the Extended Use Regulatory Agreement and Declaration of Restrictive Covenants dated November 16, 2018 between the Credit Agency and the Company respecting long-term use restrictions and satisfying all of the requirements of Section 42(h)(6) of the Code, which will be timely recorded in the Clerk's Office, Circuit Court, City of Charlottesville, Virginia.

"*Federal Low Income Tax Credits*" means the tax credits for which the Project is eligible under Section 42 of the Code.

"*Final Closing*" means the date upon which all of the following events have occurred: (i) the Completion Date and receipt of the final (non-temporary) certificates of occupancy permitting occupancy of 100% of the Units in the Project, (ii) Permanent Mortgage Commencement, (iii) the Project's being free of any mechanics' or other liens (except for the Mortgages, tax liens relating to taxes not yet due and payable and other liens either bonded against in such a manner as to preclude the holder thereof from having any recourse to the Project or the Company for payment of any debt secured thereby or affirmatively insured against (in such manner as precludes recourse to the Company for any loss incurred by the insurer) by the Title Policy or by another policy of title insurance issued to the Company by a reputable title insurance company in an amount satisfactory to Investor Tax Counsel in its reasonable discretion (or by an endorsement of either such title policy)), (iv) a draft Cost Certification has been

prepared by the Accountants and provided to the Investor Member for review, (v) the disbursement of proceeds under the Mortgage Loans has been made in the full amount permitted by such Cost Certification, (vi) delivery to the Investor Member of permanent Mortgage Loan Documents in form and substance reasonably acceptable to the Investor Member (to the extent not previously delivered in connection with Investment Closing), (vii) all amounts due in connection with the construction of the Project have been paid or provided for, including payment of all expenses associated with completing any punch list items outstanding as of the Completion Date, (viii) the date of delivery to the Investor Member of an ALTA "as-built" survey sufficient to allow delivery of a date-down endorsement to the Title Policy without a survey exception and otherwise in compliance with the requirement of Section 6.5A(viii), (ix) delivery of a date-down endorsement without a survey exception and a new zoning endorsement that insures against losses to improved property (ALTA Form 3.1 or comparable state-specific form), and (x) the full funding of any reserves required under the Mortgage Loan Documents and this Agreement.

"*Final Determination*" means the earliest to occur of (i) the date on which a decision, judgment, decree or other order has been issued by any court of competent jurisdiction, which decision, judgment, decree or other order has become final (i.e., all allowable appeals requested by the parties to the action have been exhausted), (ii) the date on which the Service has entered into a binding agreement with the Company with respect to such issue or on which the Service has reached a final administrative determination with respect to such issue which, whether by law or agreement, is not subject to appeal, (iii) the date on which the time for instituting a claim for refund has expired, or if a claim was filed the time for instituting suit with respect thereto has expired, or (iv) the date on which the applicable statute of limitations for raising an issue regarding a federal income tax matter with respect to the Company has expired.

"*Final Tax Credit Amount*" means the amount of Federal Low Income Tax Credits determined by the Accountants promptly following the receipt of Form 8609 with respect to the Project and prior to the Third Installment based on all information available at such time including, but not limited to, the Cost Certification prepared by the Accountants in connection with obtaining Form 8609.

"*First Full Credit Year*" means the first calendar year with respect to which the Company actually receives the full (twelve-month) amount of Federal Low Income Tax Credits then reasonably anticipated with respect to all Buildings constituting the Project.

"*First Mortgage Lender*" means the VHDA.

"*First Mortgage Loan*" means the permanent loan in the amount of at least $2,730,000 made by the First Mortgage Lender to the Company, with a term of 34 years and 11 months and amortization period of 35 years, and bearing interest at the all in rate of 2.796%. A portion of the First Mortgage Loan ($510,000) is funded under the standard multi-family mortgage loan program (the "Standard Program") and bears interest at a rate of 4.523%. A portion of the proceeds ($900,000) of the First Mortgage Loan are funded from the proceeds of the Strategic REACH Program *Virginia* Program, and accrue interest at a rate of 2.95%. The remainder of the proceeds ($1,320,000) are funded from the L Match REACH Program, at the rate of 1.95%. The Members expect that the First Mortgage Loan will be made to the Company after its receipt of

certificates permitting occupancy of 100% of the Units, while the Construction Loan is still outstanding and prior to the payment of the Investor Member's Fourth Installment of its Capital Contribution to the Company. At such time, the Construction Loan will be automatically subordinated to the First Mortgage Loan, pursuant to the terms and conditions of the Construction Loan Agreement and the Construction Loan Mortgage.

"*First Mortgage Loan Commitment*" means the Mortgage Loan Commitment – Conventional Multi-family Rental Housing Development by the VHDA and accepted by the Company as of August 5, 2019.

"*First Mortgage Loan Documents*" means the First Mortgage Loan Commitment, First Mortgage Loan Mortgage, First Mortgage Loan Note, and all other documents evidencing and securing the First Mortgage Loan or otherwise entered into connection therewith.

"*First Mortgage Loan Mortgage*" means the first-priority deed of trust securing the obligations of the Company under the First Mortgage Loan Note.

"*First Mortgage Loan Note*" means the promissory note or notes in the original principal amount, in the aggregate, of $2,730,000 executed by the Company in favor of the First Mortgage Lender as evidence of its obligation to repay the First Mortgage Loan.

"*Fiscal Year*" means the twelve-month period, which begins on the first day of January and ends on the thirty-first day of December of each calendar year (or ends on the date of final dissolution for the year in which the Company is wound up and dissolved).

"*Forms 8609 Receipt Date*" means the date on which the Company has received properly executed IRS Forms 8609 with respect to the Buildings constituting the Project and delivered copies thereof to the Investor Member.

"*Governmental Agency*" means, as applicable, HUD, the Credit Agency, and/or any other government agency having jurisdiction over the particular matter to which reference is being made.

"*Guarantor*" means Richard W. Gregory, an individual resident of the Commonwealth of Virginia.

"*Guaranty Agreement*" means the joint and several guaranty of even date herewith, made by the Guarantor in favor of the Investor Member.

"*Hazardous Material*" means and includes any pollutant or contaminant or any hazardous, toxic or radioactive waste, substance or material, including without limitation those listed in or regulated under any Hazardous Waste Laws, polychlorinated biphenyls, petroleum, petroleum-based or petroleum-derived products, mold, and asbestos or asbestos-containing materials. Notwithstanding any contrary provision of this Agreement, the term Hazardous Material shall not apply to such substances that would otherwise meet such definition as long as (x) the use of such substance in, on or under the Premises is in compliance with all Hazardous Waste Laws and (y) such substance is used in *de minimis* quantities incidental to the operation of the Project.

"*Hazardous Waste Laws*" means and includes the Federal Comprehensive Environmental Response, Compensation and Liability Act of 1980; the Resource Conservation and Recovery Act; the Toxic Substances Control Act and any other federal, state or local statutes, ordinances, regulations or by-laws dealing with Hazardous Material, as the same may be amended from time to time and including any regulations promulgated thereunder.

"*HUD*" means the Department of Housing and Urban Development of the United States of America and its successors.

"*Improvements*" means the Buildings and any related facilities to be constructed and/or rehabilitated in accordance with the Project Documents.

"*Independent Appraiser*" means a firm which is generally qualified to render opinions as to the fair market value of assets such as those owned by the Company, which is mutually acceptable to the Managing Members and the Special Member and which satisfies the following criteria:

(i) such firm is not a Member, or an Affiliate of the Company or any Member;

(ii) such firm (or a predecessor in interest to the assets and business of such firm) has been in business for at least five (5) years, and at least one of the principals of such firm has been in the active business of appraising substantially similar assets for at least ten (10) years;

(iii) such firm has regularly rendered appraisals of substantially similar assets for at least five (5) years on behalf of a reasonable number of unrelated clients, so as to demonstrate reasonable market acceptance of the valuation opinions of such firm;

(iv) one or more of the principals or appraisers of such firm are members in good standing of an appropriate professional association or group which establishes and maintains professional standards for its members; and

(v) such firm renders an appraisal to the Company only after entering into a contract that specifies the compensation payable for such appraisal.

"*Initial Economic Projections*" means the economic projections for the Project attached as **Exhibit J**.

"*Initial Occupancy Date*" shall mean the first date upon which not less than 100% of the Low Income Units in the Project have been initially occupied by Qualified Tenants at least one time under bona fide written leases satisfying the requirements of Section 42 of the Code with terms of not less than one year. The achievement of the Initial Occupancy Date shall be confirmed by the Management Agent and certified by the Managing Member with a copy of such confirmation and certification, together with the rent roll and Tenant Income Certifications for each of the Qualified Tenants, forwarded to the Special Member. The Initial Occupancy Date will be deemed to have been achieved upon written acknowledgment of such confirmation to the Company from the Special Member. The Special Member shall have seven (7) Business Days

after receipt of the written confirmation from the Manager and Managing Member to acknowledge or object to the achievement of the Initial Occupancy Date, and the failure to acknowledge or object to the calculation with such seven (7)-Business Day period shall be deemed to be an acceptance of the calculation by the Special Member. All objections must be commercially reasonable, and shall be delivered in writing to the Managing Member, who shall have a reasonable time to cure such objections to the calculations received from the Special Member.

"*Installment*" means any Installment of the Capital Contributions of the Investor Member referred to in Section 5.1.

"*Insurance Proceeds*" means the insurance claims under and the proceeds of any and all policies of insurance covering the Property or any part thereof, including all returned and unearned premiums with respect to any insurance relating to such Property, in each case whether now or hereafter existing or arising.

"*Interest*", or words of like import, shall mean all the interest of a Member in Cash Flow, Capital Proceeds, and any other distributions, capital, Profits and Losses, Tax Credits, and otherwise in the Company, including all allocations and distributions and all rights under this Agreement, and also shall include such interests and rights of such Member in any successor Entity formed pursuant to this Agreement.

"*Investment Closing*" means the date on which this Agreement is delivered by all of the parties hereto.

"*Investor Member*" means, initially, Bank of America, N.A., and shall include any other Persons admitted as an Investor Member pursuant to Section 4.6 or admitted as a Substitute Non-Managing Member pursuant to Section 8.2, and their respective successors in such capacity.

"*Investor Tax Counsel*" means Holland & Knight LLP of Boston, Massachusetts, or other counsel acceptable to the Investor Member.

"*Land*" means the parcels of land on which the Improvements are located in Charlottesville, Virginia, as described in Schedule A of the Title Policy.

"*Lender*" means any lender under any Mortgage Loan together with its respective successors and assigns in such capacity.

"*Low Income Unit*" means any of the 44 Units in the Project which are to be held for occupancy by the Company in such manner as to qualify such units as qualified low-income housing units under Section 42(i)(3) of the Code.

"*Management Agent*" means Community Housing Partnership, or any successor thereto engaged by the Managing Members as the management agent for the Project with the Consent of the Investor Member.

"*Management Agreement*" means the management contract or agreement by and between the Company and the Management Agent, which has received all Requisite Approvals.

"*Management Fee*" means the amount payable from time to time by the Company to the Management Agent for management services in accordance with the Management Agreement, which shall be subject to any Requisite Approvals.

"*Managing Members*" means, initially, CV II Managing Member, LLC, and any Person who becomes a Managing Member as provided herein. If at any time the Company shall have a sole Managing Member, the term "Managing Members" shall be construed as singular.

"*Material Default*" has the meaning set forth in Section 7.7B.

"*Member*" means any Managing Member or Non-Managing Member.

"*Mortgage*" means any mortgage indebtedness of the Company evidenced by any Note and secured by any mortgage on the Property from the Company to any Lender; and, where the context admits, "Mortgage" shall mean and include any of the mortgages securing said indebtedness and any other documents pertaining to said indebtedness which were required by the Lender as a condition to making such Mortgage Loan. In case any Mortgage is replaced by any subsequent mortgage or mortgages, such term shall refer to any such subsequent mortgage or mortgages. The term "mortgage" means any mortgage, mortgage deed, deed of trust, deed to secure debt or any similar security instrument, and "foreclose" and words of like import include the exercise of a power of sale under a mortgage or comparable remedies.

"*Mortgage Loan*" means the Construction Loan, the First Mortgage Loan, and the Charlottesville Loan.

"*Mortgage Loan Commitment*" means and includes the First Mortgage Commitment.

"*Mortgage Loan Documents*" means the loan agreements, Notes, Mortgages and other documents evidencing and securing any Mortgage Loan or otherwise entered into connection therewith.

"*Net Capital Contribution*" means $6,031,897.

"*Net Proceeds*" means, when used with respect to any Condemnation Awards or Insurance Proceeds, the gross proceeds from any condemnation or casualty of the Property remaining after payment of all expenses, including reasonable attorneys' fees, incurred in the collection of such gross proceeds.

"*Non-Managing Member*" or "*Non-Managing Members*" mean any or all of those Persons designated as Investor Members or Special Members in the Schedule, any Person admitted as a Non-Managing Member pursuant to Section 4.6, or any Person who becomes a Substitute Non-Managing Member as provided herein, in each such Person's capacity as a Non-Managing Member of the Company. Such terms shall include the Special Member, the Investor Member and any Persons who may succeed to the Interests of such Non-Managing Members.

"*Note*" means and includes any promissory note from the Company to a Lender evidencing a Mortgage Loan, and shall also mean and include any note supplemental to said

original note issued to a Lender or any note issued to a Lender in substitution for any such original note.

"*Operating Deficit*" means the amount by which Operating Expenses exceed Cash Receipts.

"*Operating Expense Loan*" means a loan to the Company pursuant to Section 6.8A, which is repayable without interest and only as provided in Article X.

"*Operating Expenses*" means (i) up to and including the Development Obligation Date, those expenses, properly accruable through such date which may be properly charged as operating expenses of the Project under standard accounting procedures and which are allocable, in accordance with generally accepted accounting principles, to Units for which all requisite approvals for occupancy have been obtained; such operating expenses may include real estate taxes and debt service and mortgage insurance premiums, if any, with respect to the Mortgage Loans (to the extent such operating expenses are not funded out of Designated Proceeds), but shall not include any costs required to be capitalized in accordance with generally accepted accounting principles; and (ii) after the Development Obligation Date, all the costs and expenses of any type incurred incidental to the ownership and operation of the Project, including, without limitation, taxes, capital improvements reasonably deemed necessary by the Managing Members and not funded out of any reserves for such, mortgage and bond insurance premiums, if any, and the cost of operations, debt service, maintenance and repairs, and the funding of any reserves required to be maintained by any Lender or Governmental Agency or pursuant to this Agreement, but shall not include (i) repayments of Operating Expense Loans made pursuant to Section 6.8A or (ii) distributions or payments to Members pursuant to Article X.

"*Operating Reserve*" means the operating reserve described in Section 6.11B.

"*PACE*" means the Program of All-Inclusive Care for the Elderly, which is a national program to provide comprehensive health services for seniors and is administered in Charlottesville and the surrounding counties by the PACE Provider.

"*PACE MOU*" means the Agreement of Understanding, dated _____ ___, 20___, between the Company and the PACE Provider.

"*PACE Provider*" means Charlottesville Area Retirement Services, Inc., d/b/a Blue Ridge PACE.

"*PACE Subsidy*" means the subsidy to be paid by the PACE Provider to make housing more affordable for low income seniors ages 55+. In accordance with the terms of the PACE MOU, the PACE Subsidy will be paid to the Company on behalf of such tenants of 11 Low Income Units as qualify to receive the PACE Subsidy.

"*Partner Nonrecourse Debt*" means any Company liability (i) that is considered non-recourse under Treasury Regulation Section 1.1001-2 *or* for which the creditor's right to repayment is limited to one or more assets of the Company *and* (ii) for which any Member or Related Person bears the Economic Risk of Loss.

"*Partner Nonrecourse Debt Minimum Gain*" means the amount of partner nonrecourse debt minimum gain and the net increase or decrease in partner nonrecourse debt minimum gain determined in a manner consistent with Treasury Regulation Sections 1.704-2(d), 1.704-2(i)(2) and (i)(3) and 1.704-2(k).

"*Partnership Minimum Gain*" means the amount determined by computing, with respect to each Partnership Nonrecourse Liability, the amount of gain, if any, that would be realized by the Company if it disposed of (in a taxable transaction) the property subject to such liability in full satisfaction of such liability, and by then aggregating the amounts so computed. Such computations shall be made in a manner consistent with Treasury Regulation Sections 1.704-2(d) and 1.704-2(k).

"*Partnership Nonrecourse Liability*" means any Company liability (or portion thereof) for which no Member or Related Person bears the Economic Risk of Loss.

"*Payment Certificate*" has the meaning given it in Section 5.1B(i).

"*Permanent Mortgage Commencement*" means the latest to occur of: (i) repayment in full of the Construction Loan, (ii) termination of any construction phase guarantees granted in connection with any Mortgage Loan, (iii) full disbursement of the principal amount of the First Mortgage Loan and the Charlottesville Loan and (iv) commencement of monthly amortization of principal and interest under the applicable Mortgage Loan Documents excluding the Construction Loan Documents (to the extent the applicable Mortgage Loan Documents provide for principal amortization).

"*Person*" means any individual or Entity, and the heirs, executors, administrators, legal representatives, successors and assigns of such Person where the context so admits.

"*Plans and Specifications*" means the plans and specifications for the construction of the Property approved by the Construction Lender, the Credit Agency, and the Special Member, including, without limitation, specifications for materials, and all amendments and modifications thereof, as the same may from time to time be amended with the prior written approval of the Special Member, *provided*, *however*, if the Construction Lender is the Investor Member or an Affiliate thereof, no such approval by the Special Member will be required if such changes are approved by the Construction Lender.

"*Profits and Losses*" means, for each Taxable Year (or portion thereof), the Company's taxable income or taxable loss for such Taxable Year (or portion thereof), as determined under Section 703(a) of the Code, and Section 1.703-1 of the Regulations (for this purpose, all items of income, gain, loss or deduction required to be stated separately pursuant to Section 703(a)(l) of the Code shall be included in taxable income or taxable loss), but with the following adjustments:

(i) Any tax-exempt income, as described in Section 705(a)(l)(B) of the Code, realized by the Company during such Taxable Year (or portion thereof), and not otherwise taken into account in computing Profits or Losses pursuant to this definition of "Profits" and "Losses," shall be taken into account in computing such taxable income or taxable loss as if it were taxable income;

(ii) Any expenditures of the Company described in Section 705(a)(2)(B) of the Code for such Taxable Year (or portion thereof), including any items treated under Section 1.704-1(b)(2)(iv)(i) of the Allocation Regulations as items described in Section 705(a)(2)(B) of the Code, and not otherwise taken into account in computing Profits or Losses pursuant to this definition of "Profits" and "Losses," shall be taken into account in computing such taxable income or taxable loss as if they were deductible items;

(iii) In the event the Gross Asset Value of any Company asset is adjusted pursuant to clauses (c) or (e) of the definition of "Gross Asset Value," the amount of such adjustment shall be taken into account as gain or loss from the disposition of such asset for purposes of computing Profits or Losses;

(iv) In the event the Gross Liability Value of any liability of the Company described in Treas. Reg. §1.752-7(b)(3)(i) is adjusted as required by this Agreement, the amount of such adjustment shall be treated as an item of loss (if the adjustment increases the Gross Liability Value of such liability of the Company) or an item of gain (if the adjustment decreases the Gross Liability Value of such liability of the Company) and shall be taken into account for purposes of computing Profits or Losses;

(v) Gain or loss resulting from any disposition of property with respect to which gain or loss is recognized for federal income tax purposes shall be computed by reference to the Gross Asset Value of the property disposed of, notwithstanding that the adjusted tax basis of such property differs from its Gross Asset Value;

(vi) In lieu of the depreciation, amortization, and other cost recovery deductions taken into account in computing such taxable income or loss, there shall be taken into account Depreciation for such Allocation Period or other period;

(vii) To the extent an adjustment to the adjusted tax basis of any Company asset pursuant to Code Section 734(b) is required, pursuant to Treas. Reg. §1.704-1(b)(2)(iv)(m)(4) of the Allocation Regulations, to be taken into account in determining Capital Accounts as a result of a distribution other than in liquidation of a Member's interest in the Company, the amount of such adjustment shall be treated as an item of gain (if the adjustment increases the basis of the asset) or loss (if the adjustment decreases such basis) from the disposition of such asset and shall be taken into account for purposes of computing Profits or Losses; and

(viii) Notwithstanding any other provision of this definition, any items that are specially allocated pursuant to Section 10.4 shall not be taken into account in computing Profits or Losses.

The amounts of the items of Company income, gain, loss, or deduction available to be specially allocated pursuant to Section 10.4 shall be determined by applying rules analogous to those set forth in subparagraphs (i) through (vi) above.

If the Company's taxable income or taxable loss for such Taxable Year (or portion thereof), as adjusted in the manner provided in clauses (i) through (vi) above, is a positive

amount, such amount shall be the Company's Profits for such Taxable Year; and, if negative, such amount shall be the Company's Losses for such Taxable Year (or portion thereof) Period.

"*Project*" or "*Property*" means the Land and the Improvements.

"*Project Documents*" means and includes this Agreement, the Construction Contract, the Guaranty Agreement, the Mortgage Loan Documents, the Tax Credit Application, the Credit Reservation, the Carryover Allocation, the Extended Use Agreement, the Development Agreement, any Regulatory Agreement, the Management Agreement, the Mortgage Loan Commitment, the PACE MOU, the Cooperative Parking Agreement, the Purchase Option Agreement, and all other documents relating to the Project which are required by, or have been executed in connection with, any of the foregoing documents.

"*Projected Aggregate Federal Low Income Tax Credit Amount*" means $6,349,365, which is the product of (i) 99.99% and (ii) the aggregate amount of Federal Low Income Tax Credits expected to be available to the Property during the Credit Period. If, following any determination or redetermination of the Adjusted Aggregate Federal Low Income Tax Credit Amount pursuant to Section 5.2, such amount is different than the Projected Aggregate Federal Low Income Tax Credit Amount, then, for purposes of any subsequent application of Section 5.2, the term "Projected Aggregate Federal Low Income Tax Credit Amount" shall mean the Adjusted Aggregate Federal Low Income Tax Credit Amount, provided that any required adjustment(s), payment(s) or Tax Credit Shortfall Payments have been made pursuant to the provisions of Section 5.2 on account of such difference.

"*Purchase Option Agreement*" means the Purchase Option Agreement between the Company and Managing Member dated as of even date herewith.

"*Qualified Tenant*" means a tenant (i) with income not exceeding the percentage of area gross median income set forth in Section 42(g)(1)(A) or (B) of the Code (whichever is applicable) who leases an apartment unit in the Project under a lease having an original term of not less than twelve (12) months at a rent not in excess of that specified in Section 42(g)(2) of the Code, and (ii) complying with any other requirements imposed by the Project Documents.

"*Recapture Event*" means an event, as evidenced by a determination thereof by the Accountants or as a result of a Final Determination, which results in a recapture with respect to all or any portion of the Company's Tax Credits and/or which results in a disallowance of any Tax Credits previously claimed by the Company.

Regulations," "*Treasury Regulations*," *or* "*Treas. Reg.*" means the Income Tax Regulations promulgated under the Code, as such Regulations may be amended from time to time. All references herein to specific Sections of the Regulations shall be deemed to refer also to corresponding provisions of any succeeding regulations.

"*Regulatory Agreement*" means any regulatory agreements, affordability restrictions, restrictive covenants or other similar documents entered or to be entered into between or by the Company and/or for the benefit of any Lender or Governmental Agency with respect to the Project, as amended from time to time.

"*Related Agreements*" means each agreement, document and certificate referred to in the Document Schedule.

"*Related Person*" has the meaning set forth in Treasury Regulation Section 1.752-4(b) or any successor regulation thereto.

"*Removal Notice*" shall have the meaning set forth in Section 7.7.

"*Removal Notice Date*" shall have the meaning set forth in Section 7.7.

"*Requisite Approvals*" means any required approvals of the Lender and each Governmental Agency to an action proposed to be taken by the Company.

"*Retirement*" (including the forms "*Retire*" and "*Retired*") means, as to a Managing Member, and shall be deemed to have occurred automatically upon, the occurrence of death, adjudication of insanity or incompetence, Event of Bankruptcy, dissolution or voluntary or involuntary withdrawal from the Company for any reason. Involuntary withdrawal shall occur whenever a Managing Member may no longer continue as a Managing Member by law, death, incapacity or pursuant to any terms of this Agreement. A Managing Member which is an Entity (an "Entity Managing Member") also will be deemed to have Retired upon the sale or other disposition of a controlling interest in such Entity Managing Member. Without limitation of the foregoing, any of the foregoing events occurring as to an individual or Entity which directly or indirectly holds a controlling interest in an Entity Managing Member shall also be deemed to constitute the Retirement of any such Entity Managing Member *provided*, *however*, that the membership interests in the Managing Member may be transferred for estate planning purposes and a "Retirement" shall not be deemed to have occurred as long as Richard W. Gregory, and/or John R. Gregory II remains the manager of the Managing Member and exercise day-to-day control over the actions and management of such Managing Member. Further, upon the death of Richard W. Gregory, the transfer of his estate pursuant to the laws of intestate succession or to his beneficiaries pursuant to his last will and testament duly admitted to probate shall not be deemed a "Retirement" hereunder; *provided*, *however*, that such transfer will only effect a transfer of the economic rights associated with the transferred interest and the transferee will not be admitted as a member of the Managing Member unless the Investor Member Consents to such admission, nor will the transferee succeed to or possess any management or approval rights. In addition, a "Retirement" of an Entity Managing Member shall not be deemed to have occurred if an Event of Bankruptcy occurs with regard to a member of an Entity Managing Member, and such member is immediately removed from the Entity Managing Member. For purposes of this definition, "controlling interest" shall mean the power to direct the management and policies of such Entity, directly or indirectly, whether through the ownership of voting securities, by contract or otherwise.

"*Revised Economic Projections*" means the economic projections calculated immediately prior to payment of the Fifth Installment using the same assumptions and methodology as the Initial Economic Projections, revised to reflect the actual construction costs and available Federal Low Income Tax Credits at such time and taking into account all other changes from the Initial Economic Projections which affect the amount and timing of benefits, including the month

the Project is placed into service for purposes of Section 42 of the Code, the actual rate of lease-up for the Low Income Units, and the actual operating history of the Project.

"*Schedule*" means the Schedule of Members annexed hereto as **Exhibit A** as amended from time to time and as so amended at the time of reference thereto.

"*Service*" means the Internal Revenue Service.

"*Seventy-Five Percent Completion Date*" means the date as of which the Construction Inspector certifies that the work to be performed by the Builder under the Construction Contract is 75% complete (based on the ratio of the cost of completed items under the Construction Contract to the total Construction Contract amount, taking into account change orders and other revisions, as of the date of such certification). Any representation by the Managing Member under this Agreement that the Seventy-Five Percent Completion Date has occurred shall be subject to confirmation by the Investor Member or the Construction Inspector pursuant to a physical inspection of the Property; provided, however, that in the event that the Investor Member or the Construction Inspector does not make such physical inspection within fifteen (15) business days after having received such Managing Member's representation, then the Investor Member shall be deemed to have waived the physical inspection requirement. All objections must be commercially reasonable, and shall be delivered in writing to the Managing Member, who shall have a reasonable time to cure such objections made by the Investor Member or Construction Inspector.

"*Special Capital Contribution*" means a capital contribution described in and made pursuant to Section 6.8A or Section 6.11 and the Expense Reimbursement Contribution.

"*Special Endorsements*" means, collectively, (i) a non-imputation endorsement, (ii) a comprehensive endorsement, (iii) a contiguity endorsement (if the Land consists of more than one parcel), (iv) an access endorsement, (v) a zoning endorsement for improved land (including any applicable parking provisions), (vi) a Fairways endorsement (unless substantially similar coverage is provided under the general policy), (vii) a blanket easement endorsement, (viii) a subdivision endorsement, (ix) a same as survey endorsement, (x) a separate tax lot endorsement, (xi) a maximum loss endorsement, (xii) a restriction, encroachment, minerals endorsement, (xiii) a condominium endorsement (if applicable), and (xiv) any other endorsements reasonably requested by the Special Member to the extent available in the State, each in a form reasonably acceptable to the Special Member.

"*Special Member*" means Banc of America CDC Special Holding Company, Inc., a North Carolina corporation, and its successors.

"*State*" means the Commonwealth of Virginia.

"*Substitute Non-Managing Member*" means any Person who is admitted to the Company as a Non-Managing Member under the provisions of Section 8.2.

"*Supervisory Management Agreement*" means the Supervisory Management Agreement of even date herewith between the Company and the Controlling Managing Member pursuant to

which the Controlling Managing Member is to provide certain supplemental management and oversight services with respect to the Project.

"*Supervisory Management Fee*" means the fee payable to the Controlling Managing Member under the Supervisory Management Agreement for its services thereunder.

"*Tax Credit Application*" means the applications submitted to the Credit Agency to obtain the Credit Reservation and Carryover Allocation, as amended from time to time, including all documentation submitted to the Credit Agency concurrently therewith or pursuant thereto.

"*Tax Credit Shortfall Payments*" has the meaning attributed thereto in Section 5.2E.

"*Tax Credits*" means the Federal Low Income Tax Credits.

"*Taxable Year*" means the taxable year of the Company, which is expected to be the calendar year.

"*Tenant Income Certification*" means a tenant's initial tax credit certification, including the tenant income certification/certificate of resident eligibility, all sources used in verifying income and assets (including, but not limited to, third party verification, checking and savings accounts, pay stubs, verification of assets, etc.), a copy of one completed lease signed and dated for each building in the Property, and a copy of the first and last page of each lease of each Low Income Unit, showing the start date of the lease and signature of the resident(s) and owner.

"*Ten Percent Test Qualification*" means receipt by the Special Member of evidence satisfactory to the Special Member demonstrating that the Company has met the "ten percent test" set forth in Section 42(h)(1)(E)(ii) of the Code with respect to the Project.

"*Title Policy*" means the ALTA owner's policy of title insurance issued to the Company by Old Republic National Title Insurance Company as endorsed to include the Special Endorsements in the amount of $10,081,897 (which represents the sum of the Investor Member's Net Capital Contributions and the maximum principal amount of the permanent Mortgage Loans) and dated not more than ten (10) days prior to Investment Closing.

"*Transfer*" means any sale, exchange, assignment, encumbrance, hypothecation, pledge, foreclosure, conveyance, gift or other transfer of any kind, whether direct or indirect, voluntary or involuntary. When used as a verb, such term shall mean, voluntarily or involuntarily, to sell, exchange, assign, encumber, hypothecate, pledge, foreclose, convey in trust, give or otherwise transfer.

"*Uniform Act*" means the Virginia Limited Liability Company Act, Virginia Code Sections 13.1-1000, *et seq.* as in effect under the laws of the State, as amended from time to time.

"*Units*" means any of the 44 dwelling units in the Project.

"*VHDA*" means the Virginia Housing Development Authority, a political subdivision of the Commonwealth of Virginia.

"Withdrawal Purchase Price" shall have the meaning set forth in Section 7.7D.

ARTICLE II

CONTINUATION, NAME AND PURPOSE

Section 2.1 Continuation

The parties hereto hereby agree to continue the limited liability company known as Carlton Views II, LLC, which was formed pursuant to the provisions of the Uniform Act.

Section 2.2 Name and Office; Agent for Service

A. The Company shall continue to be conducted under the name and style set forth in Section 2.1. The principal office of the Company shall be at Atlas Law, PLC, Attention: Richard W. Gregory, Esq., 7 East Second Street, Richmond, VA 23224. The Managing Members may at any time change the location of such principal office and shall give prompt notice of any such change to the Non-Managing Member.

B. The name and address of the agent of the Company for service of process shall be: Atlas Law, PLC, Attention: Richard W. Gregory, Esq., 7 East Second Street, Richmond, VA 23224.

Section 2.3 Purpose

The purpose of the Company is to acquire, construct, develop, repair, improve, maintain, operate, manage, lease, dispose of and otherwise deal with the Project, which shall be known as the Carlton Views II Apartments, in accordance with any applicable Regulations and the provisions of this Agreement. The Company shall not engage in any other business or activity.

Section 2.4 Authorized Acts

In furtherance of its purposes, but subject to all other provisions of this Agreement including, but not limited to, Article VI, the Company is, and the Managing Members acting on its behalf are, hereby authorized:

(i) To acquire by purchase, lease or otherwise any real or personal property which may be necessary, convenient or incidental to the accomplishment of the purposes of the Company.

(ii) To acquire, construct, rehabilitate, operate, maintain, finance and improve, and to own, sell, convey, assign, mortgage or lease the Project and any other real estate and any personal property necessary, convenient or incidental to the accomplishment of the purposes of the Company.

(iii) To borrow money and issue evidences of indebtedness in furtherance of any or all of the purposes of the Company and to secure the same by mortgage, deed of trust, security interest, pledge or other lien on the Property

or any other assets of the Company, to the extent permitted by the Project Documents.

(iv) To prepay in whole or in part, refinance, renew, recast, increase, modify or extend any Mortgage and in connection therewith to execute any extensions, renewals, or modifications of such Mortgage.

(v) To employ any Person, including any Affiliate, to perform services for, or to sell goods to, the Company and to pay for such goods and services; *provided that* (except with respect to any contract specifically authorized by this Agreement) the terms of any such transaction with an Affiliate shall not be less favorable to the Company than would be arrived at by unaffiliated parties dealing at arms' length.

(vi) To execute any and all Notes, Mortgages and security agreements in order to secure loans from any Lender and any and all other documents, including but not limited to the Project Documents, required by any Lender or any Governmental Agency in connection with each Mortgage and the acquisition, construction, rehabilitation, repair, development, improvement, maintenance and operation of the Property.

(vii) To execute agreements with any Governmental Agency.

(viii) To execute leases of the Units in the Project.

(ix) To modify or amend the terms of any agreement or contract which the Managing Members are authorized to enter into on behalf of the Company; *provided*, *however*, that such terms as amended shall not (1) materially adversely affect the Company or the Non-Managing Members, or (2) be in contravention of any of the terms or conditions of this Agreement.

(x) To enter into any kind of activity and to perform and carry out contracts of any kind necessary to, or in connection with, or incidental to, the accomplishment of the purposes of the Company, so long as said activities and contracts may be lawfully carried on or performed by a limited liability company under the laws of the State.

(xi) To execute the Related Agreements and any notices, documents or instruments permitted or required to be executed or delivered in connection therewith or pursuant thereto.

ARTICLE III

TERM AND DISSOLUTION

A. The Company shall continue in full force and effect in perpetuity, except that the Company shall be dissolved prior to such date upon the happening of any of the following events:

(i) the sale or other disposition of all or substantially all the assets of the Company;

(ii) the Retirement of a Managing Member unless the business of the Company is continued pursuant to Article VII;

(iii) the election to dissolve the Company made in writing by the Managing Members with the Consent of the Investor Member and any Requisite Approvals; or

(iv) the entry of a final decree of dissolution of the Company by a court of competent jurisdiction.

B. Upon dissolution of the Company (unless the business of the Company is continued pursuant to Article VII), the Managing Members (or for purposes of this paragraph their trustees, receivers, successors or legal representatives) shall cause the cancellation of the Certificate, liquidate the Company assets and apply and distribute the proceeds thereof in accordance with Section 10.2. Notwithstanding the foregoing, in the event such liquidating Managing Members shall determine that an immediate sale of part or all of the Company's assets would cause undue loss to the Members, the liquidating Managing Members may, in order to avoid such loss, defer liquidation of, and withhold from distribution for a reasonable time, any assets of the Company except those necessary to satisfy the Company debts and obligations (other than Operating Expense Loans).

ARTICLE IV

MEMBERS; CAPITAL

Section 4.1 Managing Members

A. The initial Managing Member of the Company is CV II Managing Member, LLC, and its address and Capital Contributions are set forth in the Schedule. In no event shall the aggregate Capital Contributions of the Managing Member (excluding any Special Capital Contributions, Capital Contributions made pursuant to Section 4.1B below and amounts, if any, paid pursuant to Section 10.2A) exceed $100 without the Consent of the Investor Member.

B. In the event the entire Development Amount has not been paid by the thirteenth anniversary of the Completion Date, the Managing Member shall make a Capital Contribution to the Company in the amount necessary to pay the balance of the Development Amount (the "Unpaid Fee") and the Managing Member shall cause the Company to immediately apply such proceeds to the discharge of such obligation in full; *provided*, *however*, that prior to the making of the Managing Member's Capital Contribution under this Section 4.1B, funds in the Operating Reserve may be used to pay the Unpaid Fee, if permitted by the Lender, and, after the application of funds of the Operating Reserve, any remaining Unpaid Fee shall be paid using the Managing Members' Capital Contribution.

Section 4.2 Non-Managing Members

A. The Special Member is hereby admitted to the Company. Its address and Capital Contribution are set forth in the Schedule.

B. The Investor Member is hereby admitted to the Company. Its address and Capital Contributions are set forth in the Schedule. The payment of its Capital Contribution is governed by Section 5.1.

Section 4.3 Company Capital and Capital Accounts

A. The capital of the Company shall be the aggregate amount contributed by the Members as set forth in the Schedule. No interest shall be paid by the Company on any Capital Contribution. If necessary or appropriate, amendments to the Certificate shall be filed from time to time to reflect the withdrawal or admission of Members. The Schedule may be amended from time to time to reflect any changes in the Interest held or amount contributed or agreed to be contributed by any Member.

B. A separate Capital Account shall be maintained for each Member in accordance with the following provisions:

(i) To each Member's Capital Account there shall be added (a) the amount of money and the initial Gross Asset Value of any property other than money contributed (or deemed contributed) to the capital of the Company by such Member, (b) such Member's distributive share of Profits and any items in the nature of income or gain that are specially allocated to such Member pursuant to Section 10.4, and (c) the amount of any Company liabilities assumed by such Member or that are secured by any property distributed to such Member.

(ii) From each Member's Capital Account there shall be subtracted (a) the amount of money and the Gross Asset Value of any property distributed by the Company to such Member, (b) such Member's distributive share of Losses and any items in the nature of expense or loss that are specially allocated to such Member pursuant to Section 10.4, and (c) the amount of any liabilities of such Member assumed by the Company or that are secured by any property contributed by such Member to the Company.

(iii) In the event all or a portion of an Interest in the Company is Transferred in accordance with the terms of this Agreement, the transferee shall succeed to the Capital Account of the transferor to the extent it relates to the transferred Interest.

(iv) In determining the amount of any liability for purposes of subparagraphs (i) and (ii) hereof, there shall be taken into account Code Section 752(c) and any other applicable provisions of the Code and Regulations.

The foregoing provisions and the other provisions of this Agreement relating to the maintenance of Capital Accounts are intended to comply with Section 1.704-1(b) of the Allocation Regulations, and shall be interpreted and applied in a manner consistent with such

Regulations. In the event the Managing Member shall determine that it is prudent to modify the manner in which the Capital Accounts, or any debits or credits thereto (including, without limitation, debits or credits relating to liabilities that are secured by contributed or distributed property or that are assumed by the Company or any Members) are kept, the Managing Member may make such modification. The Managing Member also shall (a) make any adjustments that are necessary or appropriate to maintain equality between the Capital Accounts of the Members and the amount of capital reflected on the Company's balance sheet, as computed for book purposes, in accordance with Treas. Reg. § 1.704-1(b)(2)(iv)(q) and (b) make any appropriate modifications in the event unanticipated events might otherwise cause this Agreement not to comply with Treas. Reg. §1.704-(b).

C. The original Capital Account established for any substituted Member shall be in the same amount as, and shall replace, the Capital Account of the Member which such substituted Member succeeds, and, for the purposes of this Agreement, such substituted Member shall be deemed to have made the Capital Contribution, to the extent actually paid in, of the Member which such substituted Member succeeds. The term "substituted Member", as used in this paragraph, shall mean a Person who shall become entitled to receive a share of the allocations and distributions of the Company by reason of such Person succeeding to the Interest of a Member by assignment of all or any part of a Member's Interest. To the extent a substituted Member receives less than 100% of the Interest of a Member it succeeds, the original Capital Account of such substituted Member and its Capital Contribution shall be acquired in such proportion or amount as agreed to by the substituted Member and assigning Member and the assigning Member who retains a partial Interest in the Company shall retain the remainder of its Capital Contribution and Capital Account. Any special basis adjustments under Section 743 of the Code resulting from an election by the Company pursuant to Section 754 of the Code shall not be taken into account for any purpose in establishing and maintaining Capital Accounts for the Members pursuant to this Section 4.3.

D. Nothing in this Section 4.3 shall affect any limitations on the transferability of Interests set forth in this Agreement.

Section 4.4 Withdrawal of Capital

Except as may be specifically provided in this Agreement, no Member shall have the right to (i) withdraw from the Company all or any part of its Capital Contribution or (ii) demand and receive property of the Company in return for its Capital Contribution or in respect of its Interest.

Section 4.5 Liability of Non-Managing Members

A. No Non-Managing Member shall be liable for any debts, liabilities, contracts, or obligations of the Company. A Non-Managing Member shall be liable only to make payments of its Capital Contribution as and when due hereunder. After its Capital Contribution shall be fully paid, no Non-Managing Member shall, except as otherwise required by the Uniform Act or Section 10.2A, be required to make any further capital contributions or payments or lend any funds to the Company.

B. In no event shall any Person who is at any time a member or manager of the Investor Member, or any partner, member or Affiliate of any such Person, have any personal liability for the payment or performance of any obligation of the Investor Member under the provisions of this Agreement or any document or instrument to be delivered in connection with this Agreement, including, without limitation, the obligations of the Investor Member to contribute capital to the Company. All parties dealing with the Investor Member shall look solely to the assets of the Investor Member for the satisfaction of any such obligation.

Section 4.6 Additional Non-Managing Members

The Managing Members may admit additional Non-Managing Members only with the Consent of the Investor Member.

Section 4.7 Agreement to be Bound by Documents

Each Managing Member and Non-Managing Member shall be bound by the terms of this Agreement and the Project Documents. Any incoming Managing Member and Non-Managing Member, as a condition of receiving any Interest, shall agree to be bound by this Agreement and the Project Documents to the same extent and on the same terms as the other Managing Members and Non-Managing Members, respectively. Upon any dissolution of the Company or any Transfer of the Property while any Mortgage is held by any Lender, no title or right to the possession and control of the Property and no right to collect the rents therefrom shall pass to any Person who is not, or does not become, bound in a manner satisfactory to the Lender and the Governmental Agency to the Project Documents and the provisions of this Agreement. The Project Documents shall be binding upon and shall govern the rights and obligations of the Members, their heirs, executors, administrators, successors and assigns as long as the corresponding Mortgage Loans shall be outstanding.

ARTICLE V

CAPITAL CONTRIBUTIONS OF INVESTOR MEMBER

Section 5.1 Installments of Capital Contributions

A. The Investor Member shall contribute as its Capital Contribution the sum of $6,031,897 payable in five (5) installments (the "Installments") as follows:

(i) the first Installment (the "First Installment") in the amount of $904,785 plus the Expense Reimbursement Contribution shall be paid on the latest to occur of (a) Investment Closing, (b) closing and funding of the Construction Loan and the Charlottesville Loan and (c) receipt of the Mortgage Loan Commitment;

(ii) the second Installment (the "Second Installment") in the amount of $422,233 all be payable on the latest to occur of (a) the Seventy-Five Percent Completion Date, (b) receipt of the executed Carryover Allocation, and (b) June 1, 2020;

(iii) the third Installment (the "Third Installment") in the amount of $1,206,379 shall be payable on the latest to occur of (a) the Completion Date (including receipt by the Investor Member of copies of all certificates or permits permitting occupancy of the Project and an update to the Title Policy demonstrating that the Project is free of any mechanics' or other liens (except for the Mortgages, tax liens concerning taxes which are not yet due and payable and other liens which are bonded against in a manner as to preclude the holder thereof from having any recourse to the Property or the Company for payment of any debt secured thereby)), (b) Ten Percent Test Qualification, and (c) November 1, 2020;

(iv) the fourth Installment (the "Fourth Installment") in the amount of $3,196,905 shall be payable on the latest to occur of (a) achievement of a 115% Debt Service Coverage Ratio for each of three (3) consecutive calendar months (which period must include the last day of the month immediately preceding the month in which this Fourth Installment is to be paid), (b) the Initial Occupancy Date, (c) physical occupancy of at least 93% of the Units, (d) Final Closing, including, without limitation, Permanent Mortgage Commencement and receipt by the Investor Member of the executed First Mortgage Loan Documents in form and substance reasonably satisfactory to the Investor Member (all of which may occur simultaneously with the payment of this Fourth Installment), (e) all reserves required to be funded as of the Fourth Installment have funded or will fund concurrently with this payment, (f) receipt by the Special Member of a copy of the executed Deferred Development Fee Note if any Development Amount will be deferred pursuant to the Development Agreement, (g) receipt of a draft Cost Certification reasonably acceptable to the Investor Member, (h) receipt by the Special Member of a copy of the Management Agreement acknowledged by VHDA and (i) June 1, 2021;

(v) the Fifth Installment (the "Fifth Installment") in the amount of $301,595 shall be payable on the latest to occur of (a) the Forms 8609 Receipt Date, (b) receipt by the Company of a final Cost Certification in a form reasonably acceptable to the Special Member and the determination by the Accountants of the Final Tax Credit Amount and the calculation of any adjustment required pursuant to Section 5.2 reasonably satisfactory to the Investor Member and agreed to by the Managing Member based upon the Revised Economic Projections, (c) receipt by the Investor Member of a copy of the tax credit compliance audit report of initial tenant files conducted by a qualified third-party firm reasonably approved by the Investor Member and (d) June 1, 2021.

B. The Members and the Company hereby authorize and direct the Investor Member to pay and remit directly into the "Checking Account" as defined in the Construction Loan Documents, (a) the First Installment, Second Installment, Third Installment, and Fourth Installment for disbursement in accordance with the terms of the Construction Loan Documents, and (b) such portion of the Fourth Installment and Fifth Installment as is necessary to pay off the Construction Loan in full. The amount of any Installments paid directly to the Construction Lender will be deemed to have been contributed by the Investor Member to the Company in satisfaction of its obligations under Section 5.1A.

C. The obligation of the Investor Member to make each Installment (except as otherwise provided) is subject to each of the following conditions:

(i) The Managing Members shall have properly completed, executed and delivered to the Investor Member a certificate relating to the appropriate remaining Installments (the "Payment Certificate"), in the forms attached hereto as **Exhibit D Exhibit E, Exhibit F** and **Exhibit G**, relating to the appropriate remaining Installments, dated the date such Installment is to be paid to the Company and attaching the Title Policy endorsement and any other materials referred to therein. In connection with the payment of each Installment, the Investor Member shall have the right to conduct a physical inspection of the Property to confirm the status of construction or rehabilitation thereof or to determine that the condition of the Project is consistent with sound business practices in the geographic area in which the Project is located, including no deferred maintenance. The Investor Member shall conduct such inspection within fifteen (15) business days of being requested to do so by the Managing Members, *provided*, *however*, that the Investor Member will be deemed to waive such physical inspection requirement if it does not make such inspection within fifteen (15) business days of receipt of a written request by the Managing Members to do so (which may be sent prior to the date of the Payment Certificate, but not more than fifteen (15) business days prior to the date of the Payment Certificate).

(ii) In the case of the First Installment, all Requisite Approvals to the admission of the Investor Member pursuant to this Agreement shall have been obtained and the Project shall have received a Credit Reservation in the amount of at least $635,000 per annum.

(iii) Each of the representations and warranties set forth in Section 6.5 shall be true and correct in all material respects.

(iv) No event shall have occurred which would permit the Investor Member to give an Election Notice under Section 5.3.

(v) From and after the date of the occurrence of an Event of Bankruptcy as to any Managing Member, any Guarantor or the Developer, the obligation of the Investor Member to pay the Installments shall be suspended, and such obligation shall be reinstated only when such Event of Bankruptcy shall have been cured in a manner approved in writing by the Investor Member; *provided*, *however*, if there is (a) more than one Guarantor, (b) an Event of Bankruptcy occurs with regard to one Guarantor (the "Departing Guarantor") and (c) either (X) the remaining Guarantor satisfies the net worth and liquidity requirements set forth in the Guaranty Agreement without taking into account the net worth and liquid assets of the Departing Guarantor or (Y) the Managing Member identifies a substitute Guarantor for the Departing Guarantor and the Special Member, in its sole but reasonable discretion, has approved of such substitute Guarantor, then an Event of Bankruptcy will not be deemed to have occurred with respect to any Guarantor, for the purpose of this Section 5.1C(v).

(vi) No Installment shall be payable unless all conditions for all prior Installments have been satisfied.

(vii) The Construction Inspector shall reasonably believe that each of the Buildings will be placed in service for purposes of Section 42(h)(1)(E) of the Code not later than November 1, 2021 (which determination shall be subject to confirmation by the Investor Member).

Section 5.2 Adjustment to Capital Contributions of Investor Member

The Capital Contribution of the Investor Member shall be subject to adjustment in the manner provided in this Section 5.2.

A. Federal Low Income Tax Credit Downward Basis Adjuster. If at any time and from time to time for any reason the Accountants shall determine that, or there shall be a Final Determination or Recapture Event pursuant to which, the Adjusted Aggregate Federal Low Income Tax Credit Amount properly allocable to the Investor Member during the Credit Period for all of the Buildings in the Project is or will be less than the Projected Aggregate Federal Low Income Tax Credit Amount, then the Capital Contribution of the Investor Member shall be reduced in the aggregate by the sum of (i) $0.95 (the "Federal Low Income Tax Credit Downward Basis Adjustment Factor") for each $1.00 that the Adjusted Aggregate Federal Low Income Tax Credit Amount is less than the Projected Aggregate Federal Low Income Tax Credit Amount (except to the extent such shortfall is attributable to the recapture of Federal Low Income Tax Credits previously reported on a Partnership tax return, in which event the Federal Low Income Tax Credit Downward Basis Adjustment Factor shall be $1.00 with respect to the portion of such shortfall attributable to such recapture), (ii) the amount of any interest and/or penalties paid or payable by the Investor Member (or its participants) as a result of any Recapture Event affecting the foregoing calculation and (iii) 10% per annum on the outstanding balance of such reduction (but only to the extent that the Company is required to refund a portion of the Investor Member's Capital Contribution, which has been funded prior to the Final Determination or Recapture Event) commencing on the Admission Date and continuing until the payment of the amount of such reduction in full (for purposes of this clause (iii), any reduction effected by reduction in the amount of an Installment as provided in Section 5.2E shall be deemed to have been paid on the date on which such Installment shall actually become payable hereunder).

B. Federal Low Income Tax Credit Downward Timing Adjuster. If at any time and from time to time for any reason the Accountants shall determine that, or there shall be a Final Determination pursuant to which, the amount of the Federal Low Income Tax Credits properly allocable to the Investor Member is less than $608,481 in 2021 or $634,937 in 2022 (the "Federal Downward Timing Adjuster Target Amounts"), then the Capital Contribution of the Investor Member shall be reduced by $0.65 for each $1.00 that the Federal Low Income Tax Credits properly allocable to the Investor Member is less than $608,481 in 2021 or $634,937 in 2022. Notwithstanding the foregoing, however, (i) in the event that the Adjusted Aggregate Federal Low Income Tax Credit Amount shall vary from the Projected Aggregate Federal Low Income Tax Credit Amount in effect on the date of the Investment Closing, the Federal Downward Timing Adjuster Target Amounts for purposes of the preceding sentence shall be

adjusted by the same percentage by which the Adjusted Aggregate Federal Low Income Tax Credit Amount varies from the Projected Aggregate Federal Low Income Tax Credit Amount and (ii) if 2022 is not the First Full Credit Year, comparable adjustments shall be made for any subsequent year which precedes the First Full Credit Year.

C. Federal Low Income Tax Credit Upward Basis Adjuster. If at any time and from time to time the Accountants shall determine or there shall be a Final Determination that the Adjusted Aggregate Federal Low Income Tax Credit Amount properly allocable to the Investor Member during the Credit Period is greater than the Projected Aggregate Federal Low Income Tax Credit Amount, then the Capital Contribution of the Investor Member shall be increased, subject to the provisions of Section 5.2E below, by $0.95 for each $1.00 that the Adjusted Aggregate Federal Low Income Tax Credit Amount properly allocable to the Investor Member during the Credit Period is greater than the Projected Aggregate Federal Low Income Tax Credit Amount.

D. Federal Low Income Tax Credit Upward Timing Adjuster. If there shall be a Final Determination pursuant to which, the amount of the Federal Low Income Tax Credits properly allocable to the Investor Member is greater than $608,481 in 2021 (the "Federal Upward Timing Adjuster Target Amounts"), then the Capital Contribution of the Investor Member shall be increased, subject to the provisions of Section 5.2E below, by $0.65 for each $1.00 that the Federal Low Income Tax Credits properly allocable to the Investor Member is greater than $608,481 in 2021. Notwithstanding the foregoing, however, in the event that the Adjusted Aggregate Federal Low Income Tax Credit Amount shall vary from the Projected Aggregate Federal Low Income Tax Credit Amount in effect on the date of the Investment Closing, the Federal Upward Timing Adjuster Target Amounts for purposes of the preceding sentence shall be adjusted by the same percentage by which the Adjusted Aggregate Federal Low Income Tax Credit Amount varies from the Projected Aggregate Federal Low Income Tax Credit Amount.

E. Application of Adjustments.

(i) If, upon the occurrence of any determination or event giving rise to an adjustment in the Capital Contribution of the Investor Member under this Section 5.2 (aggregating and/or netting, as applicable, all concurrent adjustments applicable to the Investor Member under this Section 5.2), there is a net reduction in such Capital Contribution, then such net reduction shall be applied first to reduce the amount of any unpaid Installments of the Capital Contribution of the Investor Member, in order, by a corresponding amount. If the net reduction exceeds the amount of such unpaid Installments or if all Installments have previously been contributed, then the Managing Members shall make a payment (a "Tax Credit Shortfall Payment") to the Investor Member in the amount of such excess, on an After-Tax Basis, within seventy-five (75) days of the end of the calendar year in which the determination is made. Unless the treatment thereof as a Capital Contribution is approved in writing by the Investor Member (which approval shall be withheld by it only in cases where, in its reasonable discretion, it determines that such treatment could reduce the amount of Federal Low Income Tax Credits which would otherwise be allocable to the Investor Member under this Agreement), any such Tax Credit Shortfall Payment by the Managing

Members shall not constitute a Capital Contribution, loan or advance to the Company and shall not be reimbursable by the Company, but shall be treated as a payment by the Managing Members to the Investor Member for breach of warranty by the Managing Members to the Investor Member. If full payment of such excess amount is not received within such seventy-five (75) day period, the unpaid balance shall thereafter bear interest at the Designated Prime Rate. In the event any such Tax Credit Shortfall Payment is treated as a Capital Contribution in accordance with this paragraph, the payment thereof to the Investor Member shall be treated as a distribution by the Company to the Investor Member of the proceeds of such Capital Contribution.

(ii) If, upon the occurrence of any determination or event giving rise to an adjustment in the Capital Contribution of the Investor Member under this Section 5.2 (aggregating and/or netting, as applicable, all concurrent adjustments under this Section 5.2), there is a net increase in such Capital Contribution, then such net increase shall be paid at the time of the Fifth Installment, and if the Fifth Installment has already been paid, shall be paid by the Investor Member within thirty (30) days of the date of the determination in question. Notwithstanding the foregoing, however, the cumulative amount of any increases to the Capital Contribution of the Investor Member shall not exceed five percent (5%) of the Investor Member's Net Capital Contribution.

F. Provisional Adjustments. If, upon receipt by the Investor Member of a Payment Certificate with respect to any Installment, the Investor Member shall have a reasonable basis to believe that the amount of such Installment would have been subject to reduction if the Accountants had made a current determination or projection under any of the preceding provisions of this Section 5.2, the Investor Member may so notify the Managing Members within seven (7) business days of receipt of such Payment Certificate, and the Managing Members shall thereupon engage the Accountants to make such determination or projection (unless the Managing Members and Investor Member shall mutually agree upon the adjustments to be made). The amount of the Installment in question shall then be provisionally reduced in accordance with such projection or agreement; *provided*, *however*, that if the Accountants' subsequent determinations with respect to matters provisionally reduced under this paragraph shall vary from the determinations or mutual agreements described herein, then either (i) the Investor Member shall promptly pay to the Company the amounts, if any, by which the provisional reduction exceeded the reduction as subsequently determined or (ii) the amount, if any, by which the reduction as subsequently determined exceeded the provisional reduction shall be applied against future Installments or refunded as provided in Section 5.2E above. The due date for payment by the Investor Member of any Installment or any portion of an Installment held back pursuant to this section shall be suspended until the Accountant's determination of the provisional reduction (if any) as provided herein.

G. The obligations of the Managing Member set forth in this Section 5.2 shall expire at the end of the Compliance Period and shall be guaranteed pursuant to that certain Guaranty Agreement of even date herewith. The obligations of the Managing Member set forth in Section 6.8 of this Agreement expire upon the third (3rd) anniversary of the Development Obligation Date, subject to satisfaction of certain additional conditions described in Section 6.8, and are

limited in amount. The limitations imposed in Section 6.8 are separate and distinct from the obligations imposed under this Section 5.2 and should not be construed as limiting in any manner the duration or amount of the obligations described in this Section 5.2.

Section 5.3 Repurchase of Investor Member's Interest

A. The Managing Members hereby agree to purchase the Interest of the Investor Member if any of the following events shall occur:

(i) Final Closing shall not have taken place on or before the date of maturity of the Construction Loan, *provided*, *however*, that such date may be automatically extended for a period of up to twelve (12) months to the extent the expiration dates set forth in the Mortgage Loan Commitment shall have been extended beyond such date; or

(ii) at any time prior to the Development Obligation Date, (1) any action to foreclose any Mortgage shall have been commenced and such action is not terminated or withdrawn within thirty (30) days or a binding agreement with the holder(s) thereof to effect the same entered into within such period, and any notice of acceleration of indebtedness waived or withdrawn; (2) any action is commenced to foreclose any mechanics' or any other lien (other than the lien of any Mortgage) against the Project and such action has not within thirty (30) days been either bonded against in such a manner as to preclude the holder of such lien from having any recourse to the Property or to the Company for payment of any debt secured thereby, or affirmatively insured against by the title insurance policy or an endorsement thereto issued to the Company by a reputable title insurance company (which insurance company will not have indemnity from or recourse against Company assets by reason of any loss it may suffer by reason of such insurance) in an amount satisfactory to Investor Tax Counsel; or (3) construction or operation of the Project shall have been enjoined by a final order (from which no further appeals are possible) of a court having jurisdiction and such injunction shall continue for a period of thirty (30) days; or

(iii) the First Mortgage Loan Commitment is terminated, withdrawn or becomes unenforceable (except as a result of full performance thereof in accordance with its terms) and such Commitment is not reinstated (or replaced with another mortgage loan commitment on terms at least as favorable to the Company) within thirty (30) days; or

(iv) at any time prior to the Development Obligation Date, a casualty occurs resulting in substantial destruction of more than 50% of the Project, or there is substantial destruction of less than 50% of the Project and the insurance proceeds (if any) are insufficient to restore the Project or the Project is not so restored within twenty-four (24) months following such casualty; or

(v) at any time prior to the Development Obligation Date, the Project shall become ineligible for 30% or more of the Projected Aggregate Federal Low Income Tax Credit Amount; or

(vi) the Company shall fail to achieve the Development Obligation Date within 24 months following the Completion Date or shall fail to achieve Ten Percent Test Qualification by the latest date permitted under Section 42(h)(1)(E)(ii) of the Code, or

(vii) the Forms 8609 Receipt Date shall not have occurred by the due date (as the same may have been properly extended, if applicable) for filing of the Company's federal income tax returns for the first year of the Credit Period (unless such delay is, in the judgment of the Special Member, beyond the reasonable control of the Managing Members); or

(viii) the Construction Inspector or the Investor Member shall have reasonably determined that it is no longer likely that each of the Buildings will be placed in service for purposes of Section 42(h)(1)(E) of the Code by December 31, 2021.

B. If any such event set forth in Section 5.3A shall occur, the Managing Members shall give notice to the Investor Member of the obligations of the Managing Members hereunder to purchase its Interest (such obligation being herein called a "Purchase Obligation" and such notice the "Purchase Obligation Notice") within fifteen (15) days after the occurrence of any event giving rise to such obligation. If the Investor Member elects to sell its Interest hereunder, it shall give the Managing Members notice of such election (an "Election Notice") within thirty (30) days after such Purchase Obligation Notice from the Managing Members is received by the Investor Member (or, in the event that such Purchase Obligation Notice from the Managing Members is not given, at any time after the occurrence of such event).

C. Within fifteen (15) business days after delivery to the Managing Members of an Election Notice from the Investor Member, the Managing Members shall pay the Investor Member a purchase price (the "Purchase Price") in cash (with interest thereon at an annual rate one percentage point above the Designated Prime Rate commencing on the fifth (5th) day following the date of such delivery) equal to (i) the sum of (a) 100% of the Investor Member's Net Capital Contribution (whether or not theretofore paid-in to the Company), increasing 10% per annum commencing on the Admission Date through the fifth (5th) day following the date of such delivery, ***plus*** (b) the actual out-of-pocket costs (including any legal, accounting and consulting fees and any interest or penalties) paid by the Investor Member in connection with any recapture of Tax Credits allocated to the Investor Member pursuant to this Agreement ***less*** (ii) the sum of (a) that portion of the Net Capital Contribution which has not theretofore been paid-in to the Company, (b) the amount of Cash Flow theretofore distributed by the Company in respect of the Investor Member's Interest and (c) the amount of any Tax Credits allocable to the Interest which will not be recaptured as a result of the disposition of said Interest or otherwise.

D. Upon the giving of its Election Notice, the Investor Member shall have no further obligations under this Agreement, and the Managing Members shall indemnify and defend the

Investor Member and hold it harmless against any such obligations. The Managing Members shall take all action and shall pay all costs necessary to enable the Investor Member to receive and retain the Purchase Price as against any creditor of any Managing Member or the Company. Notwithstanding the purchase by the Managing Members of the Interest of the Investor Member pursuant to Section 5.3A, to the extent permitted under the applicable provisions of the Code, the Investor Member shall be allocated any profits or losses and tax credits in respect of said Interest for the period prior to the date of the receipt by the Investor Member of payment therefor. Anything herein to the contrary notwithstanding, title to the Interest of the Investor Member shall not vest in the Managing Members until payment in full of the Purchase Price therefor. Upon such payment, the Managing Members shall forthwith cause an amendment hereto and to the Certificate and any other necessary papers to be executed, filed, recorded and published wherever required showing such substitution.

E. No agreement affecting the Project shall prevent the exercise by the Investor Member of its right to require the purchase by the Managing Members of its Interest in the manner described in this Section 5.3.

F. The Investor Member shall have the right to waive its right to have its Interest repurchased at any time during which any of such rights shall be in effect. Any such waiver shall be exercised by delivery to the Managing Members of a written notice stating under which clause(s) of this Section it is waiving its right to have its Interest repurchased and that its rights under such specified clause(s) are thereby irrevocably waived from that date forward.

G. Should any Managing Member repurchase the Interest of the Investor Member pursuant to this Section 5.3, then the Special Member agrees to withdraw from the Company at the same time as the Investor Member's withdrawal is effective.

Section 5.4 Redemption of Company Interest.

At any time after the expiration of the Credit Period and prior to one hundred and eighty (180) days after the Compliance Period, Investor Member may require that the Company purchase the Investor Member's Interest and the Special Member's Interest, subject to all then existing liens and encumbrances to title, for an amount equal to $100 (the "Put Option"). To exercise the Put Option, the Investor Member must deliver to the Managing Member an irrevocable written notice of such exercise. The purchase by the Company will be closed within 60 days after the later of (i) the Investor Member's exercise of such right, or (ii) the receipt of all required consents, if any. Any conveyance from the Investor Member and the Special Member to the Company under this Section 5.4 will be made by quitclaim transfer, without representation or warranty of any kind by the Investor Member or the Special Member except that the Investor Member and the Special Member will represent that such Member has not previously transferred its Interest and such Member's Interest is free of liens or encumbrances other than those contemplated by the Company's Mortgage Loans and/or by this Agreement. The Investor Member and the Special Member agree that the Company will have no liability for any Adverse Consequences to the Investor Member or the Special Member as a result of the exercise of the Put Option, including, but not limited to, recapture or lost Federal Low Income Tax Credits.

Section 5.5 Special Procedures for Disputes Concerning Payment of Certain Installments

A. If the Investor Member and Managing Member are unable to resolve a dispute that may arise concerning whether or not the conditions to the payment of the Second Installment, Third Installment, Fourth Installment and/or Fifth Installment have been met and, despite good faith negotiations between the Managing Member and the Investor Member, such dispute remains unresolved, either the Managing Member or the Investor Member may submit such matter to arbitration pursuant to this Section 5.5 provided that the following provisions shall apply:

(a) All arbitration hearings will be commenced within sixty (60) days of the demand for arbitration and completed within thirty (30) days of commencement.

(b) The judgment and the award, if any, of the arbitrator will be issued within fifteen (15) days of the close of the hearing.

(c) Subject to an overriding decision by the arbitrator, all reasonable costs and legal fees associated with the arbitration shall be borne by the Managing Member, if the judgment of the arbitrator is in favor of the Investor Member, and by the Investor Member if the judgment of the arbitrator is in favor of the Managing Member.

(d) If the judgment and award is in favor of the Managing Member, the arbitrator shall retain jurisdiction of the matter to resolve any further disputes concerning the "Purchase Price Reductions" as defined below.

If the judgment and award of the arbitrator is in favor of the Managing Member, the Investor Member shall have fifteen (15) days following the Investor Member's receipt of the arbitrator's award to pay all or that portion of the Installment in question found to be due by the arbitrator's judgment and award. If the Investor Member fails to make such payment on such date, at the Managing Member's sole option to be exercised within 365 days of the date of the arbitrator's judgment and order, if the Managing Member is able to obtain a replacement equity commitment for the Company, the Investor Member and Special Member shall transfer their entire Interests in the Company to the Managing Member or its designee, without warranty, for a purchase price equal to the amount of Capital Contributions theretofore contributed to the Company by the Investor Member less the "Purchase Price Reductions". As used herein, the term "Purchase Price Reduction" shall mean the aggregate of the amount by which the total contributions made or to be made by the Investor Member to the Company exceeds the amount of total contributions agreed to be made by such replacement limited partner and all other reasonable out-of-pocket expenses incurred by the Managing Member in connection with the arbitrations and the solicitation of and negotiations with such replacement limited partner. The purchase price for the interest of the Investor Member and Special Member shall be payable to the Investor Member by the Company on a date determined by the Managing Member in a written notice to the Investor Member, which dates shall not be more than 410 days following

the judgment and award of the arbitrator. Except as provided for in this Section 5.5A, each party will bear its own costs and legal fees for any dispute that arises.

B. The Investor Member and Managing Member agree that all disputes described in Section 5.5A above shall be submitted to arbitration with a mutually agreed upon arbitrator in Boston, Massachusetts, unless the Investor Member and Managing Member mutually agree otherwise. If the Investor Member and Managing Member fail to agree on an arbitrator within thirty (30) days of the respective party's demand, then the arbitrator shall be selected by the Judicial Arbitration and Mediation Services, Inc. ("JAMS"). If there is no JAMS in the Boston, Massachusetts area, then the arbitration shall be administered by and in accordance with the applicable rules of the American Arbitration Association, and the laws of the State.

ARTICLE VI

RIGHTS, POWERS AND DUTIES OF THE MANAGING MEMBERS

Section 6.1 Restrictions on Authority

A. Notwithstanding any other provisions of this Agreement, the Managing Members shall have no authority to perform any act in respect of the Company or the Project in violation of (i) any applicable law or regulation or (ii) any agreement between the Company and any Lender or Governmental Agency.

B. The Managing Members shall not have any authority to do any of the following acts without the Consent of the Investor Member and any Requisite Approvals:

(i) to incur indebtedness for money borrowed on the general credit of the Company, except, in the aggregate, nonmortgage indebtedness of no more than $25,000, or as specifically permitted by Article IX, or

(ii) following completion of construction of the Improvements, to construct any new capital improvements, or to replace any existing capital improvements in excess of $10,000 in a single year if construction or replacement would substantially alter the use of the Property, or

(iii) to acquire any real property in addition to the Property (other than easements or similar rights necessary or convenient for the operation of the Project), or

(iv) to cause the Company to make any loan or advance to any Person (for purposes of this clause 6.1B(iv), accounts receivable in the ordinary course of business from Persons other than the Managing Members or their Affiliates and deferred payments by the Company to the Developer of the fees under the Development Agreement shall not be deemed to be advances or loans), or

(v) to amend, modify, or waive any term of the Mortgage Loan Documents, except (a) non-material modifications of the Mortgage Loan Documents or (b) other modifications that will not have an adverse effect on the

Managing Members' or the Company's ability to perform its obligations hereunder and under the Mortgage Loan Documents, or

(vi) to lease any Low Income Unit to other than Qualified Tenants or otherwise operate the Project in such a manner or take any action which could cause any Low Income Unit to fail to be treated as a qualified low-income housing unit under Section 42(i)(3) of the Code or which would cause the recapture by the Company of any low-income housing credit under Section 42 of the Code, or

(vii) after the Investment Closing, to enter into any material Project Document or to amend any Project Document, or to permit any party thereunder to waive any provision thereof, to the extent that the effect of such amendment or waiver would be to eliminate, diminish or defer any obligation or undertaking of the Company, the Managing Members or their Affiliates which accrues, directly or indirectly, to the benefit of, or provides additional security or protection to, the Investor Member (notwithstanding that the Investor Member is neither a party to nor express beneficiary of such provision or was not a Member when such provision became effective), or

(viii) to obtain, increase, refinance or materially modify any Mortgage Loan after Investment Closing or to sell or convey the Property or any substantial portion thereof, except as provided in Article IX, and except that the Managing Members may cause the Company to grant easements and similar rights affecting the Land to obtain utility services for the Project or for other purposes necessary or convenient for the operation of the Project, or

(ix) to cause the Company to commence a proceeding seeking any decree, relief, order or appointment in respect to the Company under the federal bankruptcy laws, as now or hereafter constituted, or under any other federal or state bankruptcy, insolvency or similar law, or the appointment of a receiver, liquidator, assignee, custodian, trustee, sequestrator (or similar official) for the Company or for any substantial part of the Company's business or property, or to cause the Company to consent to any such decree, relief, order or appointment initiated by any Person other than the Company, or

(x) to cause the Company to accept or receive any grant (unless otherwise expressly contemplated under the terms of this Agreement); or

(xi) to pledge or assign any of the Capital Contribution of the Investor Member or the proceeds thereof, or

(xii) to amend any of the Related Agreements, or

(xiii) to permit the merger, termination or dissolution of the Company, or

(xiv) to dismiss the Accountants or to engage a new firm as Accountants, or

(xv) to approve any changes to the Plans and Specifications for the Project which would result, either individually in an overall development cost increase or decrease of $75,000 or in the aggregate, in an overall development cost increase or decrease in excess of $150,000 (*provided*, *however*, that any Consent of the Investor Member required under this clause (xv) shall not be unreasonably withheld, conditioned or delayed), or

(xvi) to take any action which would cause the Property or any part thereof to be treated as tax exempt use property within the meaning of Section 168(h) of the Code, or

(xvii) to take any action outside of the ordinary course of business of the Company.

C. The Managing Members shall not (a) cause the Company to utilize Cash Flow to acquire interests in other Entities or (b) cause the Company to invest the proceeds of any sale or refinancing of the Project without the Consent of the Investor Member.

D. Any Member may engage independently or with others in other business ventures of every nature and description including, without limitation, the ownership, operation, management, and development of real estate, regardless of whether such real estate directly competes with the Project, and neither the Company nor any Member shall have any rights by reason of this Agreement in and to such independent ventures.

Section 6.2 Company Audits

A. **Defined Terms.** For purposes of this Section 6.2, the following terms shall have the meanings set forth below:

"Administrative Adjustment Request" means an administrative adjustment request under Code Section 6227.

"Adjustment Year" means the Taxable Year in which (i) in the case of an adjustment pursuant to the decision of a court in a proceeding brought under Code Section 6234, such decision becomes final, (ii) in the case of an Administrative Adjustment Request, such Administrative Adjustment Request is made, or (iii) in any other case, a notice of final Company Adjustment is mailed under Code Section 6231 or, if the Company waives the restrictions under Code Section 6232(b) (regarding limitations on assessment), the date the waiver is executed by the IRS.

"Adjustment Year Partner" means any Person who held an interest in the Company at any time during an Adjustment Year.

"Former Partner" means any Person who was a Reviewed Year Partner but is not an Adjustment Year Partner.

"Imputed Underpayment" has the meaning set forth in Section 6225 of the Code.

"Indirect Partner" means any Person who has an interest in the Company through its interest in one or more Pass-Through Partners.

"Partnership Adjustment" means any adjustment to any item of income, gain, loss, deduction, or credit of the Company, or any Member's distributive share thereof, in either case as described in any applicable Treasury Regulations or other guidance prescribed by the IRS.

"Pass-through Partner" means a pass-through entity that holds an interest in the Company, including a partnership (as described in Treas. Reg. § 301.7701-2(c)(1)), including a foreign entity that is classified as a partnership under Treas. Reg. § 301.7701-3(b)(2)(i)(A) or (C), an S corporation, a trust (other than a trust described in the next sentence) and a decedent's estate. For purposes of this definition, a pass-through entity does not include a disregarded entity described in Treas. Reg. § 301.7701-2(c)(2)(i) or a trust that is wholly owned by only one Person, whether the grantor or another Person, and the trust reports the owner's information to payors under Treas. Reg. § 1.671-4(b)(2)(i)(A).

"Reviewed Year" means the Taxable Year to which a Company Adjustment relates.

"Reviewed Year Partner" means any Person who held an interest in the Company at any time during the Reviewed Year.

"Revised Partnership Audit Rules" means Subchapter 63C of the Code (as amended by the Bipartisan Budget Act of 2015, P.L. 114-74, the Protecting Americans from Tax Hikes Act of 2015, P.L. 114-113 and the Consolidated Appropriations Act of 2018, P.L. 155-141), and the Treasury Regulations promulgated thereunder, as amended from time to time.

"Taxes" means any tax, penalties, additions to tax, additional amounts, and interest as described in Section 6226 of the Code

B. **Partnership Representative**

(i) Appointment and Designation. The Members hereby authorize the Company to appoint the Managing Member as the initial partnership representative of the Company pursuant to Section 6223(a) of the Code (the "Partnership Representative"). The Managing Member shall be appointed the Partnership Representative for each Taxable Year provided that if an event or circumstance has occurred which, with the giving of notice or the passage of time, would constitute a default under Section 7.7 hereunder or a default by the Partnership Representative or Designated Individual (as hereinafter defined) of its/his/her duties and obligations under this Section 6.2, the Consent of the Investor Member must be obtained before the Partnership Representative is appointed for any Taxable Year. The Partnership Representative shall timely designate an individual to serve as the sole individual through whom the Partnership Representative will act for purposes of the Revised Partnership Audit Rules (the "Designated Individual") with the Consent of the Investor Member. No later than the effective date of the designation of the Designated Individual or the Partnership Representative, such Designated Individual or Partnership Representative, as applicable, must agree in writing to be bound by the same obligations and restrictions imposed on the Partnership Representative under

this Section 6.2 prior to and as a condition of such designation.

(ii) Resignation; Revocation. The Managing Member (and any successor Partnership Representative) may resign as the Partnership Representative by written notice to the Company, the Investor Member, and the IRS. Notice of such resignation shall be given to the IRS in the time and manner prescribed by the IRS. Upon removal of the Managing Member for any reason pursuant to the provisions of Section 7.7 of this Agreement or, with the Consent of the Investor Member, in the event of a default by the Partnership Representative or Designated Individual of its/his/her duties and obligations under this Section 6.2, the Company shall revoke the designation of the Managing Member as the Partnership Representative for all Taxable Years during which such designation was in effect by written notice to the Partnership Representative and the IRS. The designation of the Designated Individual as the Designated Individual shall automatically terminate on the effective date of the resignation or revocation of the applicable entity as Partnership Representative. If a Designated Individual becomes unable to perform the tasks required of a Designated Individual, no longer has the "capacity to act" within the meaning of the Revised Partnership Audit Rules, or the Partnership Representative otherwise determines that the Designated Individual should no longer serve as a Designated Individual, the Partnership Representative shall promptly notify the Investor Member of such determination and take all necessary actions to effectuate the revocation of such individual as the Designated Individual for all applicable Taxable Years. Notice of such revocation shall be given to the IRS in the time and manner prescribed by the IRS and shall include the designation of another Person selected by the Investor Member as the successor Partnership Representative for the Taxable Year for which the designation was in effect and the designation of another Person selected by the Partnership Representative (with the Consent of the Investor Member) as the successor Designated Individual for the Taxable Year for which the designation was in effect. The resigning or removed Personal Representative or Designated Individual shall remain obligated hereunder in such capacity (including the requirement to forward any notices received from the IRS) until the IRS agrees to provide such notices to a replacement Personal Representative or Designated Individual during the audit process. In furtherance hereof, the Managing Member hereby constitutes and appoints the Investor Member, with full power of substitution, its true and lawful attorney-in-fact in its name, place and stead to carry out fully the provisions of this Section 6.2B(ii) and take any action which the Investor Member may deem necessary or appropriate in connection herewith. The power of attorney hereby granted shall be deemed to be coupled with an interest, shall be irrevocable and shall survive and shall not be affected by the subsequent incapacity, dissolution, resignation, revocation or other termination of the Managing Member as the Partnership Representative.

(iii) Successor Partnership Representative. Any successor Partnership Representative must have a substantial presence in the United States, have been Consented to by the Investor Member, and otherwise satisfy all statutory and regulatory requirements imposed by the Revised Partnership Audit Rules. The Person so designated must agree in writing to be bound by the terms of this Section 6.2 and shall not take any action in its capacity as Partnership Representative until the resignation and/or revocation of the prior Partnership Representative becomes effective under the Code or Treasury Regulations.

(iv) Notice of Communications. The Partnership Representative shall (1) give the Members prompt notice of any inquiry, notice, or other communication received

from the IRS or other applicable tax authority regarding the tax treatment of the Company or the Members, (2) consult with the Investor Member in good faith on the strategy and substance of any tax audit or contest and (3) give, to the extent possible, the Members prior notice of and a reasonable opportunity to review and comment upon any written communication the Partnership Representative intends to make to any taxing authority in connection with any examination, audit or other inquiry involving the Company. Without limiting the generality of the foregoing, the Company immediately shall send to all of the Members copies of any notice of a proposed or final Partnership Adjustment received by the Company and/or the Partnership Representative from the IRS. To the extent requested by the Investor Member and permitted under Treasury Regulations or by the IRS or other taxing authority in a particular tax audit or contest, the Partnership Representative shall cooperate in allowing the Investor Member or its representative to participate, at its own expense, in such tax audit or contest.

(v) Duties and Limitations on Authority. The Partnership Representative and any Designated Individual shall have all power and authority of a partnership representative and designated individual, respectively, as set forth in Section 6223 of the Code, and shall represent the Company and its Members in all dealings with the IRS and state and local taxing authorities, provided, however, that, except as specifically provided in Section 6.2C below, the Partnership Representative shall not, without the Consent of the Investor Member, have any power or authority to do any or all of the following:

(A) make an election to opt out of the application of the Revised Partnership Audit Rules to the Company;

(B) make a Push-Out Election (as defined in Section 6.2C(iv) below) or request a modification to an Imputed Underpayment, except pursuant to 6.2C;

(C) file an Administrative Adjustment Request;

(D) select any judicial forum for the litigation of any Company tax dispute;

(E) take any other action (or fail to take any action) that would have the effect of finally determining any tax audit or contest; or

(F) extend the statute of limitations.

(vi) Fiduciary Relationship. The relationship of the Partnership Representative to the Company and the Members shall be that of a fiduciary, and the Partnership Representative shall have a fiduciary obligation to perform its duties in such manner as will serve the best interests of the Company and its Members.

(vii) Indemnification. To the extent of available funds, the Company shall indemnify the Partnership Representative against judgments, fines, amounts paid in settlement and expenses (including attorneys' fees) reasonably incurred by the Partnership Representative in its capacity as the Partnership Representative, and not its capacity as a Member or a Former Partner, in connection with any audit or administrative or judicial proceeding in which the Partnership Representative is involved solely by reason of being the Partnership

Representative of the Company, provided that the same were not the result of negligence, misconduct, fraud, breach of fiduciary duty or breach of this Agreement on the part of the Partnership Representative and were the result of a course of conduct which the Partnership Representative, in good faith, reasonably believed to be in the best interests of the Investor Member and within the scope of its authority under this Section 6.2.

C. **Modifications and Company Elections**

(i) Modifications to Imputed Underpayment. If the Company and/or Partnership Representative receives notice of a proposed Partnership Adjustment from the IRS, the Partnership Representative shall so notify the Members in accordance with the provisions of Section 6.2B(iv) above and, if requested to do so by the Investor Member, shall request modification of the Imputed Underpayment proposed in such notice in accordance with any applicable Treasury Regulations, forms, instructions, and other guidance prescribed by the IRS. Any such request by the Investor Member shall describe the modifications or adjustment factors that the Investor Member believes affect the calculation of the Imputed Underpayment in sufficient detail to substantiate the request for modification. Unless an extension of time is granted by the IRS, all information required to support a requested modification shall be submitted by the Investor Member to the Partnership Representative no later than one hundred eighty (180) days after Investor Member receives notice of the proposed Partnership Adjustment from the Partnership Representative, and the Partnership Representative shall submit such information to the IRS no later than two hundred seventy (270) days after the date the proposed Partnership Adjustment notice was mailed by the IRS.

(ii) Amended Returns; Alternative Procedure to Amended Returns. If requested to do by the Investor Member, the Partnership Representative shall request a modification of an Imputed Underpayment based on an amended return filed by a Member (or Indirect Partner) which takes account of all of the Partnership Adjustments properly allocable to such Member (or Indirect Partner). Any such request shall be accompanied by an affidavit from the requesting Member (or Indirect Partner) signed under penalties of perjury that the requesting Member (or Indirect Partner) has filed each required amended return or, in the case of a Pull-In Election (as hereinafter defined), such information, in the form and manner specified by the IRS, as it requires, and paid all Taxes due as a result of taking into account the adjustments in the first affected year and all modification years, as such terms are defined and applied in any applicable Treasury Regulations, forms, instructions, and other guidance prescribed by the IRS. In lieu of filing an amended return in accordance with Section 6.2C(ii) above, any Reviewed Year Partner may elect to comply with the "pull-in" procedure described in Section 6225(c)(2)(B) of the Code (a "Pull-In Election"). In such event, such Reviewed Year Member shall (1) pay all amounts due under Section 6225(c)(2)(A)(iii) of the Code, (2) take into account, in the form and manner set forth in any applicable IRS guidance, the adjustments to the tax attributes of such Reviewed Year Partner, and (3) provide, in the form and manner specified by the IRS (including, if so specified, in the same form as on an amended return), such information as the IRS may require to carry out the terms and intent of a Pull-In Election described in Section 6225(c)(2)(B) of the Code. Copies of all notices and filings made pursuant to this Section 6.2C(iii) shall be provided by the Reviewed Year Partner to the Partnership Representative.

(iii) Reallocation Adjustment. In the case of a Partnership Adjustment

that reallocates the distributive share of any tax item from one Member to another, the Partnership Representative shall be required to submit the modification request to the IRS under this Section 6.2C only if all Members (or Indirect Partners) affected by such adjustment ("Affected Partners") provide the affidavit(s) described in clause (ii) above or the Partnership Representative is notified by the IRS that one or more Affected Partners have taken (or will take) into account their allocable share of the adjustment through other modifications approved by the IRS (such as, but not limited to, a closing agreement).

(iv) Push-Out Election. If the Company receives notice of a final Partnership Adjustment from the IRS, the Partnership Representative shall so notify the Partners and any Former Partners in accordance with the provisions of Section 6.2B(iv) above and, if requested to do so by the Investor Member, shall make an election (a "Push-Out Election") under Section 6226 of the Code with respect to one or more Imputed Underpayments set forth in the final Partnership Adjustment notice. Except as hereinafter provided, if a Push-Out Election is made, each Reviewed Year Partner shall take into account its allocable share of the Partnership Adjustments that relate to the specified Imputed Underpayment (as determined with the Consent of the Investor Member for such Reviewed Year) and shall be liable for any Taxes as described in Section 6226 of the Code and any applicable Treasury Regulations or other guidance prescribed by the IRS. Notwithstanding the foregoing, to the extent permitted by law, any Reviewed Year Partner that is a partnership or S corporation may, at its option and in accordance with any applicable Treasury Regulations or other guidance prescribed by the IRS, elect (in lieu of paying its allocable share of such Partnership Adjustments) to push out the liability for Taxes attributable to such Partnership Adjustments to its Members (including Indirect Partners). Any Push-Out Election shall be filed within forty-five (45) days of the date the notice of final Partnership Adjustment is mailed by the IRS (or such later date as permitted by Treasury Regulations or IRS guidance) and shall be in such form, and shall contain such information, as required by any applicable Treasury Regulations, forms, instructions and other guidance prescribed by the IRS. If a Push-Out Election is made, the Partnership Representative shall furnish to each Reviewed Year Partner and the IRS, for each Reviewed Year within sixty (60) days after the date all of the Partnership Adjustments to which the statement relates are finally determined, a statement that includes all items and information required under any applicable Treasury Regulations, forms, instructions, and other guidance prescribed by the IRS.

(v) Reimbursement of Allocable Share of Imputed Underpayment. If the Company becomes obligated to make an Imputed Underpayment under Code Section 6225, each of the Members (including any Former Partner) to whom such liability relates (as determined with the Consent of the Investor Member) shall be obligated, within thirty (30) days after written notice from the Managing Member, to pay an amount that, on an after-tax basis if such payment is treated as an indemnity payment under this Section 6.2C(v), is equal to its allocable share of such amount to the Company; provided, however, that if and to the extent that the Company's liability results from a loss, disallowance or recapture of Tax Credits for which a payment to such Person is due under Section 5.2 and has not been paid, the amount otherwise payable by such Person to the Company under this Section 6.2C(v) shall be reduced by such unpaid amounts so that the Company will bear the portion of the Imputed Underpayment equal to such reduction and the Managing Member shall advance such unpaid amounts to pay the Imputed Underpayment. Any amount not paid by a Member (or Former Partner) within such 30-day period shall accrue interest at the Designated Prime Rate plus 2% until paid. Any such

payment made by any Member shall be treated as a Capital Contribution and, if and to the extent permitted by the Code and Treasury Regulations, any Capital Account reduction attributable to the Imputed Underpayment shall be allocated to the Members in proportion to such Capital Contributions; provided that, such payment will be treated as an indemnity payment if the Investor Member determines in its sole discretion that treatment as a Capital Contribution would result in a reallocation of Losses or Tax Credits. Any such payment made by any Former Partner shall be treated as an indemnity payment and not as a Capital Contribution or loan to the Company.

(vi) Withholding. Notwithstanding anything to the contrary contained herein, the Managing Member shall cause the Company to withhold from any distribution or payment due to any Member (or Former Partner) under this Agreement any amount due to the Company from such Member (or Former Partner) under clause (v) above. Any amount(s) so withheld shall be applied by the Company to discharge the obligation in respect of which such amount was withheld. All amounts withheld pursuant to the provisions of this Section 6.2C(vi) with respect to a Member (or Former Partner) shall be treated as if such amounts were distributed or paid, as applicable, to such Member (or Former Partner).

(vii) Indemnity. To the extent that a portion of the Taxes imposed under Code Section 6225 relates to a Former Partner, the Managing Member shall require such Former Partner to indemnify the Company for its allocable portion of such tax (including any penalties, additions to tax, additional amounts, and interest) to the extent such amounts have not been withheld pursuant to the provisions of Section 6.2C(vi). Each Member acknowledges that, notwithstanding the transfer or liquidation of all or any portion of its Interest in the Company, it shall remain liable for Taxes with respect to its allocable share of income and gain of the Company for the Taxable Years (or portions thereof) prior to such transfer or liquidation unless otherwise agreed to in writing by the Members during the Taxable Year(s) (or portion thereof) to which the Taxes relate and all Former Partners during the Taxable Year(s) (or portion(s) thereof) to which the Taxes relate.

(viii) Continuing Obligations. Whether the liability is assessed to the Company or the Members (or Former Partners), the parties hereto acknowledge and agree that nothing in this Section 6.2C is intended, nor shall it be construed, to modify or waive any obligations of the Managing Member under this Agreement including, without limitation, the obligation to make a payment pursuant to the provisions of Section 5.2.

D. **Consistent Tax Treatment**

Except as hereinafter provided, each Member agrees that its treatment on its own federal income tax return of each item of income, gain, loss, deduction, or credit attributable to the Company shall be consistent with the treatment of such items on the Company return, including the amount, timing, and characterization of such items. Notwithstanding the foregoing general requirement, any Member may file a statement identifying certain items that are inconsistent (or that may be inconsistent) in accordance with any applicable Treasury Regulations, forms, instructions, or other guidance provided by the IRS. Any such statement shall be attached to the Member's tax return on which the item is treated inconsistently.

E. **Tax Counsel or Accountants**

The Partnership Representative, with the Consent of the Investor Member, shall employ experienced tax counsel and/or accountants to represent the Company in connection with any audit or investigation of the Company by the IRS or any other taxing authority and in connection with all subsequent administrative and judicial proceedings arising out of such audit. Such counsel and/or accountants shall be responsible for representing the Company; it shall be the responsibility of the Members, at their expense, to employ tax counsel or accountants to represent their respective separate interests.

F. **Survival**

The obligations of each Member or Former Partner under this Section shall survive the transfer, redemption or liquidation by such Member of its Interest and the termination of this Agreement or the dissolution of the Company.

G. **Amendments**

Upon the promulgation of revised Treasury Regulations implementing the Revised Partnership Audit Rules or upon further amendment of the Revised Partnership Audit Rules, the Members will evaluate and consider options available with respect to preserving the allocation of responsibility and authority described in this Section 6.2, while conforming with the applicable provisions of the revised partnership audit procedures. The Members agree to work together in good faith to make elections and amend this Agreement (if any party determines that an amendment is required) to maintain the intent of the parties with respect to the obligations and limitations of the Partnership Representative.

H. **State and Local Income Tax Matters**

The provisions of this Section 6.2 shall also apply to state and local income tax matters affecting the Company to the extent the terms and conditions hereof have any application to audit procedures at the state and local level.

Section 6.3 <u>Business Management and Control; Designation of Controlling Managing Member; Certain Rights of the Special Member</u>

A. The Managing Members shall have the exclusive right to manage the business of the Company in accordance with this Agreement. No Non-Managing Member shall have any authority or right to act for or bind the Company.

B. The powers and duties of the Managing Members hereunder may be exercised in the first instance by one or more Controlling Managing Members. Each Controlling Managing Member is hereby authorized to execute and deliver in the name and on behalf of the Company all such documents and papers (including any required by any Lender or Governmental Agency) as such Controlling Managing Member deems necessary or desirable in carrying out such duties hereunder. CV II Managing Member, LLC is hereby designated as the initial Controlling Managing Member; if such Person shall become unable to serve in such capacity or shall cease to be a Managing Member, the remaining Managing Members may from time to time designate

from among themselves by consent one or more substitute or additional Controlling Managing Members. If for any reason no designation is in effect, the powers of the Controlling Managing Members shall be exercised by the majority consent of the remaining Managing Members. A designation of a successor as Controlling Managing Member or the designation of an additional Controlling Managing Member pursuant to Section 7.3 or 7.5 shall supersede any designation or other exercise of rights pursuant to this Section 6.3B.

C. In the event that a Material Default, as such term is defined in Section 7.7B of this Agreement occurs and, if a curable Material Default, is not so cured within the time frames set forth in Section 7.7C, or in the event of such Retirement, Recapture Event, Event of Bankruptcy, fraudulent act or fiduciary breach, promptly after the occurrence of such Material Default, the Special Member or any Entity of which a majority of the stock or beneficial interest is owned, directly or indirectly, by the Special Member or Bank of America, N.A., may, with the Consent of the Investor Member, elect to become an additional Managing Member with all the rights and privileges of a Managing Member. The Special Member shall provide the Managing Members with true and correct copies of the written instruments evidencing such Consent of the Investor Member within ten (10) days after the Special Member's receipt thereof. Upon such election by the Special Member or such Entity and such Consent, the Special Member or such Entity shall automatically become and shall be deemed a Managing Member and each Member hereby irrevocably appoints the Special Member (with full power of substitution) as the attorney-in-fact of such Member for the purpose of executing, acknowledging, swearing to, recording and/or filing any amendment to this Agreement and the Certificate necessary or appropriate to confirm the foregoing. If the Special Member or such Entity shall become an additional Managing Member as herein stated, its Interest shall not be increased thereby (except that the Special Member may assign its Interest to such Entity). In the event of the admission of the Special Member or such Entity as a Managing Member pursuant to this Section 6.3, and if there are then any other Managing Members, the Special Member or such Entity shall have managerial rights, authority and voting rights of 51% on any matters to be decided or voted upon by the Managing Members or the Controlling Managing Member, as the case may be, and the rights and authority of the remaining Managing Members or the Controlling Managing Member, as the case may be, shall be deemed equally divided among them.

Section 6.4 Duties and Obligations of the Managing Members

A. The Managing Members shall use commercially reasonable efforts to carry out the purposes, business and objectives of the Company, and shall devote to Company business such time and effort as may be reasonably necessary to (i) supervise the activities of the Management Agent, (ii) make inspections of the Project to determine if the Project is being properly maintained and that necessary repairs are being made thereto, (iii) prepare or cause to be prepared all reports of operations which are to be furnished to the Members or to any Lender or Governmental Agency, (iv) with the Consent of the Investor Member, elect to defer the commencement of the Credit Period for all or any portion of the low-income housing tax credit allowable to the Members under Section 42(g) of the Code, to the extent that any such deferral may be in the best economic interest of the Investor Member, (v) cause the Project to be insured in accordance with the requirements set forth in **Exhibit C**, and (vi) cause the Company and the Project to comply in all material respects with each of the representations and covenants of the applicant set forth in the Tax Credit Application.

B. Subject to the Project Documents and the requirements of Section 42 of the Code, the Managing Members shall use commercially reasonable efforts consistent with sound management practice to maximize income produced by the Project, including, if necessary, seeking any necessary approvals of, and implementing, appropriate adjustments in the rent schedule of the Project.

C. The Managing Members shall timely execute and record in the appropriate filing office an Extended Use Agreement. The Managing Members shall hold for occupancy such percentage of the apartments in the Project in such a manner as to qualify the entire Project as a qualified low income housing project under Section 42(g) of the Code as interpreted from time to time in regulations and rulings promulgated thereunder. The Managing Members shall not take any action which would cause the termination or discontinuance of the qualification of the Project as a "qualified low income housing project" under Section 42(g) of the Code or which would cause the recapture of any Tax Credits without the Consent of the Investor Member.

D. The Managing Members shall prepare and submit to the Secretary of the Treasury (or any other Governmental Agency designated for such purpose), on a timely basis, any and all annual reports, information returns and other certifications and information and shall take any and all other action required (i) to insure that the Company (and its Members) will continue to qualify for Tax Credits to the extent contemplated under this Agreement and (ii) unless the Consent of the Investor Member is received to act otherwise in a particular instance, to avoid recapture of Tax Credits for failure to comply with the requirements of Section 42 of the Code or other applicable law.

E. Except as provided in or contemplated by the Project Documents and the Commitments in existence at Investment Closing, the Managing Members agree that neither they nor any Related Person will at any time bear the Economic Risk of Loss for payment or performance of any Mortgage Loan. Each Managing Member agrees that it will not cause any Non-Managing Member at any time to bear the Economic Risk of Loss for payment or performance under any Note or Mortgage. Each Non-Managing Member agrees not to take any action which would cause it to bear the Economic Risk of Loss for payment of any Mortgage Loan.

F. The Managing Members shall have fiduciary responsibility for the safekeeping and use of all funds and assets of the Company, whether or not in their immediate possession or control. The Managing Members shall not employ, or permit another to employ, such funds or assets in any manner except for the exclusive benefit of the Company.

G. No Managing Member shall contract away the fiduciary duty owed at common law to the Non-Managing Members.

H. The Managing Members shall be solely responsible for the following:

(1) analyzing the Qualified Allocation Plan ("QAP") for targeted areas within a state;

(2) identifying potential land sites and analyzing the demographics of potential sites;

(3) analyzing a site's economy and forecasting future growth potential;

(4) determining the site's zoning status and possible rezoning strategies;

(5) contacting local government officials concerning access to utilities, public transportation and local ordinances;

(6) performing environmental tests;

(7) negotiating the purchase of the Land and the financing therefor;

(8) causing the Company to acquire the Land;

(9) processing necessary documentation with the Credit Agency in connection with the Tax Credits;

(10) arranging the permanent mortgage financing for the Project; and

(11) arranging for the admission to the Company of the Investor Member and the Special Member.

In consideration for its services set forth in this Section 6.4H, the Managing Members have received their interests in the profits of the Company as set forth in Section 10.3. The Managing Members shall not assign any of these duties to the Developer.

I. The Managing Members shall (i) not store (except in compliance with applicable Hazardous Waste Laws) or dispose of any Hazardous Material at the Project; (ii) neither directly nor indirectly transport or arrange for the transport of any Hazardous Material to, at or from the Project (except in compliance with applicable Hazardous Waste Laws); (iii) provide the Non-Managing Members with written notice (x) upon any Managing Member's obtaining knowledge of any potential or known release, or threat of release, of any Hazardous Material at or from the Project; (y) upon any Managing Member's receipt of any notice to such effect from any federal, state, or other Governmental Agency and (z) upon any Managing Member's obtaining knowledge of any incurrence of any expense or loss by any such Governmental Agency in connection with the assessment, containment, or removal of any Hazardous Material for which expense or loss any Managing Member may be liable or for which expense or loss a lien may be imposed on the Project.

J. Subject to the terms and conditions of the Purchase Option Agreement, if requested to do so by the Investor Member at any time after the Compliance Period, the Managing Members shall use commercially reasonable efforts to sell or refinance the Project on terms acceptable to the Investor Member. One such action may be to submit a written request to the Credit Agency of the State to find a Person to acquire the Company's interest in the Project and/or take such other action permitted or required by the Code as the Investor Member may reasonably request to effect a sale of the Project pursuant to a "qualified contract" under Section 42(h)(6)(F) of the Code or to terminate the Extended Use Agreement. Any proposal either from the Credit Agency or from another buyer of the Project which is acceptable to the Investor Member shall be accepted by the Company.

K. In the event that the Investor Member shall give notice to the Managing Members that in the reasonable judgment of the Investor Member depreciation deductions will no longer be allocated to the Investor Member as a result of the treatment of the Development Amount or any other Company indebtedness as a recourse obligation ("Related Party Financing"), then the Managing Members shall take all such action as may be necessary to assure that any outstanding balance of such Related Party Financing shall constitute a Partnership Nonrecourse Liability and the Investor Member shall give its Consent to allow the Managing Members to take all necessary action, provided such action does not have any negative tax consequences for the Company or the Investor Member. One such action may be the assignment of the outstanding balance of such Related Party Financing to an Entity which is not a Related Person.

L. The Managing Members shall cause all leases of Units in the Project to contain a provision obligating tenants to notify the Management Agent immediately of any suspected water leaks, moisture problems or mold in Units or common areas of the Project. In addition, the Managing Members shall furnish such reports and implement such actions, if any, required under the provisions of Section 12.1F.

M. [Intentionally Omitted].

N. At the sole cost and expense of the Company, the Managing Member shall cause the Project to be insured in accordance the requirements set forth below and in **Exhibit C** and shall cause the Company to obtain and maintain such other coverage as may be required from time to time by any Lender under the Mortgage Loan Documents or as may be reasonably required from time to time by the Non-Managing Members in order to comply with regular requirements and practices of the Non-Managing Members in similar transactions including, without limitation if and to the extent required by the Non-Managing Members, wind insurance and earthquake insurance, so long as any such insurance is generally available at commercially reasonable premiums as determined by the Non-Managing Members from time to time. Such policies shall include, at a minimum, the following:

(i) Insurance against casualty to the Property under a policy or policies covering such risks as are presently included in "special form" (also known as "all risk") coverage, including such risks as are ordinarily insured against by similar businesses, but in any event including fire, lightning, windstorm, hail, explosion, riot, riot attending a strike, civil commotion, damage from aircraft, smoke, vandalism, malicious mischief and acts of terrorism. Such insurance will list "*Bank of America, N.A., a national banking association, as Investor Member, Banc of America CDC Special Holding Company, Inc., a North Carolina corporation, as Special Member, and each of their successors and assigns, as their interests may appear*" as additional named insured's and loss payees. Unless otherwise agreed in writing by Non-Managing Member, such insurance will be for the full insurable value of the Property, with a deductible amount, if any, in accordance with the standards set forth on **Exhibit C** and satisfactory to the Investor Member. No policy of insurance will be written such that the proceeds thereof will produce less than the minimum coverage required hereunder by reason of co-insurance provisions or otherwise. The term "full insurable value" means 100% of the actual replacement cost of the Property

(excluding foundation and excavation costs and costs of underground flues, pipes, drains and other uninsurable items). Such insurance will also include:

(a) personal property coverage for building and contents owned by the Company, all subject to a maximum $5,000 deductible amount;

(b) rent loss insurance in an amount equal to annual rental income; and

(c) boiler and machinery insurance on a comprehensive form basis, including repair and replacement coverage and rent loss coverage meeting the requirements of subparagraph (b) above with mechanical breakdown extension, provided that such boiler and machinery insurance is not necessary if the Project does not contain a boiler or other machinery which is covered by such insurance, or the perils which are insured by such boiler and machinery insurance are covered by other insurance maintained by the Company and such coverage is demonstrated to Non-Managing Member's reasonable satisfaction.

(ii) Comprehensive (also known as commercial) general liability insurance on an "occurrence" basis against claims for "personal injury" liability and liability for death, bodily injury and damage to property, products and completed operations, in limits satisfactory to Lender with respect to any one occurrence and the aggregate of all occurrences during any given annual policy period, with a minimum combined single limit of $5,000,000. Such insurance will list "*Bank of America, N.A., a national banking association, as Investor Member, Banc of America CDC Special Holding Company, Inc., a North Carolina corporation, as Special Member, and each of their successors and assigns, as their interests may appear*" as additional named insured's and loss payees.

(iii) During any period of construction upon the Property, the Managing Member will cause the Company to maintain, or cause others to maintain, builder's risk insurance (non-reporting form) of the type customarily carried in the case of similar construction for 100% of the full replacement cost of work in place and materials stored at or upon the Property.

(iv) If at any time any portion of any structure on the Property is insurable against casualty by flood and is located in a Special Flood Hazard Area under the Flood Disaster Protection Act of 1973, as amended, a flood insurance policy in form and amount acceptable to Non-Managing Member but in no amount less than the amount sufficient to meet the requirements of applicable Law as such requirements may from time to time be in effect.

(v) Loss of rental value insurance or business interruption insurance in an amount acceptable to Non-Managing Member, for a minimum 12 month period, or until the Units have been brought back to their original state, plus an

extended period of indemnity for at least three (3) additional months to re-lease the repaired Units.

(vi) In addition to the foregoing, the Managing Member will cause the Builder to provide and maintain comprehensive (commercial) general liability insurance and workers' compensation insurance for all employees of the Builder meeting, respectively, the requirements hereunder.

Each policy of insurance (i) must be issued by one or more insurance companies each of which must have an A.M. Best's Company financial and performance rating of A-IX or better and be qualified or authorized by the Laws of the State to assume the risks covered by such policy, (ii) must provide that such policy will not be canceled or modified without at least 30 days prior written notice to Investor Member, and (iii) will provide that any loss otherwise payable thereunder will be payable notwithstanding any act or negligence of the Company or the Managing Member which might, absent such agreement, result in a forfeiture of all or a part of such insurance payment. The Managing Member may satisfy any insurance requirement hereunder by providing one or more "blanket" insurance policies, subject to the Investor Member's approval in each instance as to limits, coverages, forms, deductibles, inception and expiration dates, and cancellation provisions.

O. The Managing Member shall review regularly all of the insurance coverages to insure that all such policies are in effect and in compliance with the terms of this Agreement and the Mortgage Loan Documents. The Managing Member will cause the Company to promptly pay all premiums when due on such insurance and, not less than 15 days prior to the expiration dates of each such policy, the Managing Member will deliver to the Investor Member acceptable evidence of insurance, such as a renewal policy or policies marked "premium paid" or other evidence satisfactory to the Investor Member reflecting that all required insurance is current and in force. The Managing Member will immediately give written notice to the Investor Member of any cancellation of, or change in, any insurance policy. From time to time following the Admission Date, the Managing Member shall deliver to the Special Member such further certificates or memoranda of insurance as the Special Member may reasonably require to confirm that such insurance and notice provisions with respect to insurance under this Agreement have been complied with. The Investor Member will not, because of accepting, rejecting, approving or obtaining insurance, incur any liability for (i) the existence, nonexistence, form or legal sufficiency thereof, (ii) the solvency of any insurer, or (iii) the payment of losses.

P. The Managing Member shall have the following duties and obligations with respect to a casualty or condemnation affecting all or a portion of the Project:

(i) In the event of any fire or other casualty to the Project (or any portion thereof) or any eminent domain or similar proceedings resulting in any condemnation or taking of the Project (or any portion thereof), the Managing Member will promptly give the Investor Member written notice thereof. To the extent Net Proceeds are available for rebuilding or restoration (net of expenses reasonably incurred in obtaining such proceeds and subject to the rights and any applicable approval of the Lenders), the Managing Member will rebuild or restore the Project, as the case may be, in such a manner as will as fully as possible

implement the Initial Economic Projections. Any Net Proceeds that are not fully expended in such rebuilding or restoring will constitute Capital Proceeds. In connection with any such rebuilding or restoring, the Managing Member will seek legal, tax, and accounting counsel and take all necessary or advisable steps to preserve as fully as possible the Initial Economic Projections.

(ii) Notwithstanding the provisions of subparagraph (i) above, if it is impossible or unlikely that rebuilding or restoring the Project (or the affected portion thereof) can be accomplished with the Insurance Proceeds or Condemnation Awards available therefor, or if the projected tax benefits to the Investor Member from rebuilding or restoring the Project would be substantially equivalent to or less than the tax benefits to Investor Member without rebuilding or restoring the Project, then, subject to the provisions of subparagraph (iii) below, the Managing Member will refrain from rebuilding or restoring the Project and proceed to utilize any Net Proceeds as Capital Proceeds.

(iii) The Investor Member, by written notice to the Managing Member, may elect to cause the Company to rebuild or restore the Project (or the affected portion thereof) under the circumstances described in subparagraph (ii) if the reason that subparagraph (ii) is applicable is because it is impossible or unlikely that rebuilding of the Project can be accomplished with the amount of the Insurance Proceeds or Condemnation Proceeds available therefor provided and on the condition that the Investor Member agrees to provide such additional amounts as the Investor Member may deem necessary to cover such deficit. In such event, the Managing Member will rebuild or restore the Project as provided in subparagraph (i) above to the extent feasible given the amount of funds available for such rebuilding or restoring. Any funds provided by the Investor Member under this subparagraph (iii) will be deemed to be additional Capital Contributions to the Company by the Investor Member which will have a priority return as set forth in Sections 10.1A and 10.1B.

(iv) In the event of any casualty or taking of the Project or any portion thereof, except under circumstances in which portions of the Project are unaffected by the casualty or condemnation or are rebuilt or restored as contemplated under this Section 6.4P, the Managing Member will, unless the Investor Member consents in writing to an alternative proposal, proceed to terminate and liquidate the Company, sell Company assets, repay indebtedness, and distribute proceeds of Capital Transactions to the Members as provided in Section 10.2. In the event of a rebuilding or restoration, the Managing Member will have no obligation to enter into construction or rehabilitation contracts at a price exceeding the amount of the Net Proceeds available for rebuilding or restoring.

(v) Nothing contained in this Section 6.4P will be construed to affect the Managing Member's liability for any failure to provide insurance to the full extent required under this Agreement. Notwithstanding the provisions of this Section 6.4P, the Managing Member and Guarantor shall be responsible for the

costs of rebuilding or restoring the Project as a result of any uninsured casualty. For purposes of this Section 6.4P(v), any casualty loss which is uninsured because the Managing Member requested and the Investor Member approved a waiver from the insurance requirements set forth in this Agreement, shall be deemed to be an uninsured casualty for which the Managing Member and Guarantor bear sole responsibility.

(vi) The Managing Member acknowledges that the Investor Member will not be obligated to approve any Mortgage Loan Document which restricts the use of Insurance Proceeds and Condemnation Awards regarding restoration and reconstruction of the Project in a manner which is inconsistent with the provisions of this Section 6.4P.

Q. The Managing Member will cause the Company to make the election under Section 168(k)(7) of the Code to opt out of "bonus depreciation" that may apply to any personal property and site work costs placed in service.

R. The Managing Member will provide counsel to the Special Member with drafts of the First Mortgage Loan Documents for their review and approval prior to their execution by the Managing Member on behalf of the Company.

S. The Managing Member will cause the Company to make the election under Section 42(f)(1)(B) of the Code to defer the commencement of the Credit Period to 2021, the year subsequent to the year in which the Project is placed in service.

Section 6.5 Representations, Warranties and Covenants

A. The Managing Members hereby represent and warrant to the Investor Member that the following are true as of Investment Closing, will be true on the due date for payment of each Installment and at all times hereafter:

(i) The Company is a duly organized limited liability company validly existing under the laws of the State and has complied with all recording requirements with each proper Governmental Agency necessary to establish the limited liability of the Non-Managing Members as provided herein.

(ii) No litigation or proceeding against the Company, any Managing Member, Guarantor, or, the Developer, nor any other litigation or proceeding directly affecting the Project, is pending before any court, administrative agency or other Governmental Agency which would, if adversely determined, have a material adverse effect on the Company, any Managing Member, Guarantor, the Developer or their respective businesses or operations, except for such matters as to which the likelihood of such a determination adverse to the Company is, in the opinion of Company Counsel or other counsel acceptable to the Investor Member, remote. This representation shall only apply to the Developer prior to the Development Obligation Date.

(iii) No default by any Managing Member, any Affiliate thereof having any relationship with the Project, or the Company, in any material respect has occurred or is continuing (nor has there occurred any continuing event which, with the giving of notice or the passage of time or both, would constitute such a default in any material respect) which default is beyond any applicable notice and cure period under any of the Project Documents.

(iv) The Project Documents are in full force and effect (except to the extent fully performed in accordance with their respective terms).

(v) All accounts and reserves are fully funded to the extent currently required by the Project Documents and this Agreement.

(vi) Except for carve-outs in the Mortgage Loan Documents related to situations involving fraud or willful misrepresentation, the failure to pay taxes, the misappropriation of funds, and similar commercially reasonable exceptions that are standard in transactions of this type, no Member, nor any related person, bears any Economic Risk of Loss with respect to any of the Mortgage Loans or, with the exception of any Deferred Development Amount, any other indebtedness incurred by the Company.

(vii) All building, zoning and other applicable certificates, permits, approvals and licenses necessary to permit the construction, rehabilitation, repair, use, occupancy and operation of the Project have been obtained (other than prior to completion of the Project or a specified portion thereof, such as will be issued only after the completion of the Project or such specified portion thereof) and neither the Company nor any Managing Member has received any notice or has any knowledge of any violation with respect to the Project of any law, rule, regulation, order or decree of any Governmental Agency having jurisdiction which would have a material adverse effect on the Project or the construction, use or occupancy thereof, except for violations which have been cured and notices or citations which have been withdrawn or set aside by the issuing agency or by an order of a court of competent jurisdiction.

(viii) The Company owns the fee simple interest in the Property and has good and marketable title thereto, free and clear of any liens, charges or encumbrances other than the Mortgages, tax liens for taxes not yet due and payable, matters set forth in the Title Policy delivered at Investment Closing, encumbrances the Company is permitted to create under Sections 2.4 and 6.1, and mechanics' or other liens which have been bonded or insured against in such a manner as to preclude the holder of such lien or such surety or insurer from having any recourse to the Property or the Company for payment of any debt secured thereby. None of the liens, charges, encumbrances or exceptions set forth in the Title Policy delivered at Investment Closing has or will have a material adverse effect upon the construction or operation of the Project.

(ix) The execution and delivery of all instruments and the performance of all acts heretofore or hereafter made or taken or to be made or taken, pertaining to the Company or the Property by any Managing Member or an Affiliate thereof which is an Entity have been or will be duly authorized by all necessary action, and the consummation of any such transactions with or on behalf of the Company will not constitute a breach or violation of, or a default under, the organizational documents of any such Entity or any agreement by which any such Entity or any of its properties is bound, nor constitute a violation of any law, administrative regulation or court decree. Each such Entity is duly organized and validly existing under the law of the state of its organization.

(x) No Managing Member is in default in any material respect in the observance or performance of any provision of this Agreement to be observed or performed by such Managing Member.

(xi) The Related Agreements are in full force and effect (except to the extent fully performed in accordance with their respective terms) and no default by any party thereto (other than the Investor Member or its Affiliates) has occurred or is continuing thereunder (nor has there occurred any event which, with the giving of notice or the passage of time, or both, would constitute such a default in any material respect thereunder).

(xii) No Event of Bankruptcy has occurred and is continuing with respect to the Company, any Managing Member, any Guarantor or the Developer.

(xiii) The Project will qualify, on and after the Completion Date, as a "qualified low-income housing project" under Section 42(g) of the Code and all Low Income Units in the Project will qualify as "low income units" under Section 42(i)(3) of the Code.

(xiv) The Project will be operated so that it will meet (and an appropriate election has been or will be made with respect to) the 40-60 set-aside test set forth in Section 42(g)(1)(B) of the Code (the "**Minimum Set-Aside Test**") as of the dates established by Section 42(g)(3) of the Code and at all times thereafter through the end of the Compliance Period. The Company will elect to treat all of the Buildings comprising the Project as a single project for purposes of satisfying the Minimum Set-Aside Test.

(xv) All tax returns, financial statements, Schedules K-1 and reports due under Section 12 and **Exhibit K** have been properly filed (or, with the Consent of the Special Member, an extension thereof has been properly filed) and/or transmitted, as applicable.

(xvi) No Managing Member, Affiliate of a Managing Member, or Person for whose conduct any Managing Member is or was responsible has ever: (i) directly or indirectly transported, or arranged for transport, of any Hazardous Material to, at or from the Project (except if such transport was or is at all times in

compliance with applicable Hazardous Waste Laws); (ii) caused or was legally responsible for any release or threat of release of any Hazardous Material at the Project; (iii) received notification from any federal, state or other Governmental Agency of (x) any potential, known, or threat of release of any Hazardous Material from the Project; or (y) the incurrence of any expense or loss by any such Governmental Agency or by any other Person in connection with the assessment, containment, or removal of any release or threat of release of any Hazardous Material from the Project.

(xvii) To the best of the Managing Members' knowledge, no Hazardous Material was ever or is now stored on, transported or disposed of on the Land (except to the extent any such storage, transport or disposition was at all times in compliance with all Hazardous Waste Laws and except as disclosed in any Environmental Reports provided to the Investor Member).

(xviii) No Managing Member, Affiliate of a Managing Member, shareholder of a Managing Member, director of a Managing Member, officer of a Managing Member or manager of a Managing Member has ever (i) been convicted of a crime; (ii) had a judgment entered against them for fraud, willful misconduct or breach of fiduciary duty; or (iii) been sanctioned by HUD, the Securities and Exchange Commission or any other government agency.

(xix) There are currently no criminal or civil actions or administrative proceedings pending against the Managing Members or their Affiliates, shareholders, directors, officers or managers.

(xx) The Adjusted Aggregate Federal Low Income Tax Credit Amount shall be at least $6,349,365; *provided*, *however*, that the Investor Member's remedy for a breach of this representation shall be payment of Tax Credit Shortfall Payments pursuant to Section 5.2 of this Agreement.

(xxi) [Intentionally Omitted].

(xxii) Each of the representations and disclosures made by the Company to the Credit Agency in the Tax Credit Application upon which the Credit Agency's Carryover Allocation was based, is true and correct in all material respects as of the date hereof. Each of the covenants, agreements, and conditions contained in the Credit Application and the Carryover Allocation have been duly performed or satisfied by the Company or the Managing Member, as applicable, to the extent that performance of any such covenant or agreement or satisfaction of any conditions is required on or prior to the date hereof, and the Managing Member has no reason to believe that the covenants, agreements, and conditions required to be performed or satisfied after the date hereof will not be performed or satisfied in a timely manner.

(xxiii) The Company's basis in the Project as of the earlier of December 31, 2020 or the date required by the Credit Agency will be greater than 10% of

the Company's reasonably expected basis in the Project as of December 31, 2021 and each Building will be placed in service no later than December 31, 2021.

(xxiv) No employees shall be engaged by the Company.

(xxv) The fees payable by the Company to the Managing Member or its Affiliates, as set forth herein or the other Project Documents, are reasonable in amount and ordinary and customary in nature for the services to be provided, reflect the value of the services to which the fees relate, and are consistent with those paid in other similar projects of which the Managing Member and its Affiliates have knowledge. Such fees have been or will be disclosed to the Credit Agency for the purpose of the determination by the Credit Agency of the financial feasibility and viability of the Property pursuant to Section 42(m)(2) of the Code.

(xxvi) None of the Mortgage Loans are subject to covenants requiring maintenance of specified debt service coverage or loan-to-value ratios.

(xxvii) None of the Managing Members nor any of their controlling principals are on the list of Specially Designated Nationals and Blocked Persons promulgated by the U.S. Department of Treasury.

(xxviii)No Disqualifying Event has occurred and is continuing.

(xxix) The Managing Members shall cause the Company to:

(a) maintain its books and records separate from those of any other Person or Entity, including the Managing Members or any Affiliates of the Company;

(b) except as specifically permitted by the Project Documents, not commingle assets with those of any other Entity, including its Managing Members or any Affiliates of the Company;

(c) conduct its own business in its own name or the name of the Project so as not to mislead others as to the identity of such Entity;

(d) maintain separate financial statements from any other Person or Entity, including the Managing Members or any Affiliates of the Company;

(e) except as specifically permitted by the Project Documents or this Agreement, pay its own liabilities out of its own funds;

(f) observe all limited liability company formalities including without limitation holding all meetings and obtaining all consents required by this Agreement;

(g) maintain an arm's-length relationship with its Affiliates;

(h) except as specifically permitted by the Project Documents, not guarantee or become obligated for the debts of any other Entity or hold out its credit as being available to satisfy the obligations of others, including the Managing Members or any Affiliates of the Company;

(i) allocate fairly and reasonably any overhead for shared office space or other similar expenses;

(j) use invoices and checks separate from any other Person or Entity, including the Managing Members or any Affiliates of the Company; and

(k) hold itself out as and operate as an Entity separate and apart from any other Entity, including the Managing Members or any Affiliates of the Company.

(xxx) There will be no real estate transfer taxes due to the State or any other Governmental Agency as a result of the admission of the Investor Member to the Company or any subsequent direct or indirect Transfer of membership interests in the Investor Member.

(xxxi) The Managing Members represent that the land that is the subject of the Environmental Reports is the same land that is described in Schedule A of the Title Policy.

(xxxii) The Managing Member will give prompt notice to the Investor Member of any casualty or any condemnation or threatened condemnation of the Property. The Managing Member will diligently assert the Company's rights and remedies with respect to each claim and to promptly pursue the settlement and compromise of each claim subject to the Consent of the Investor Member, which Consent will not be unreasonably withheld or delayed.

(xxxiii)Except with the Consent of the Non-Managing Member, and subject to the rights of any Lender, Net Proceeds will be utilized for the restoration of the Property. Unless otherwise required by Lender, Net Proceeds pending the restoration of the Property, together with any other funds deposited with the Investor Member for that purpose, must be deposited in an interest-bearing account approved of by the Investor Member.

(xxxiv)Neither the Managing Member nor the Company will knowingly do or permit to be done anything that would affect the coverage or indemnities provided for pursuant to the provisions of any insurance policy, performance bond, labor and material payment bond or any other bond given in connection with the construction of the Improvements.

(xxxv) During the Compliance Period, the Company will operate the Project in accordance with the requirements of Section 5G of the Extended Use Agreement, so that the PACE Subsidy is in effect with respect to at least 11 Units.

(xxxvi) All of the representations and warranties set forth in the Closing Certificate are true and correct.

Section 6.6 Indemnification

A. Each Managing Member (including any Retired Managing Member) shall be indemnified by the Company against any losses, judgments, liabilities, expenses and amounts paid in settlement of any claims sustained by him or it in connection with the Company, *provided that* the same were not the result of negligence or willful misconduct on the part of any Managing Member or any of its "Affiliates" and were the result of a course of conduct which such Managing Member, in good faith, determined was in the best interest of the Company. Any indemnity under this Section 6.6A shall be provided out of and to the extent of Company assets only, and no Non-Managing Member shall have any personal liability on account thereof; *provided*, *however*, that no indemnification shall be provided for any losses, liabilities or expenses arising from or out of any alleged violation of federal or state securities laws unless (i) there has been a successful adjudication on the merits of each count involving alleged securities law violations as to the particular indemnitee and the court approves indemnification of litigation costs; (ii) such claims have been dismissed with prejudice on the merits by a court of competent jurisdiction as to the particular indemnitee and the court approves indemnification of litigation costs; or (iii) a court of competent jurisdiction approves a settlement of the claims against a particular indemnitee and finds that indemnification of the settlement and related costs should be made.

B. The Company shall not incur the cost of that portion of any insurance which insures any party against any liability as to which such party is herein prohibited from being indemnified.

C. The Managing Members agree promptly to indemnify, defend and hold harmless the Company and the Non-Managing Members from and against any and all claims, losses, damages, costs, expenses and liabilities which the Company and the Non-Managing Members may incur by reason of any liabilities to which either the Company or the Project is subject at the Investment Closing; *provided*, *however*, that the foregoing indemnification shall not apply to any Mortgage, necessary contractual obligations normally incurred in connection with the Property, or to acts for which such Managing Members are entitled to indemnification under Section 6.6A.

D. The Managing Members agree to promptly indemnify, defend, and hold harmless the Company and the Non-Managing Members from and against any claims, losses, damages, costs, expenses or liabilities which the Company and the Non-Managing Members may incur on account of the presence or escape of any Hazardous Material at or from the Property (or at any other location). Any such claims, losses, damages, costs, expenses or liabilities may be defended, compromised, settled, or pursued by the Non-Managing Members with counsel of the Non-Managing Members' selection, but at the expense of the Managing Members. The foregoing indemnification shall be a recourse obligation of the Managing Members and shall survive the dissolution of the Company and/or the death, retirement, incompetency, bankruptcy or withdrawal of any Managing Member.

E. The Managing Members shall defend, indemnify and hold harmless the Company and the Non-Managing Members from any liability, loss, damage, fees, costs and expenses, judgments or amounts paid in settlement incurred by reason of any demands, claims, suits, actions or proceedings arising out of the Managing Members' or any Designated Affiliate's negligence, misconduct, fraud, breach of fiduciary duty or breach of this Agreement, including without limitation any breach by any Managing Member or any Designated Affiliate of any representation, warranty, covenant or agreement set forth in Section 6.5 or elsewhere in this Agreement, including all reasonable legal fees and costs incurred in defending against any claim or liability or protecting itself or the Company from, or lessening the effect of, any such breach. The foregoing indemnification shall be a recourse obligation of the Managing Members and shall survive the dissolution of the Company and/or the death, retirement, incompetency, bankruptcy or withdrawal of any Managing Member.

F. Each Non-Managing Member shall be indemnified by the Company against any third-party claims or costs sustained or incurred by it in connection with its involvement in the Company, *provided that* the same were not the result of any improper action or omission on the part of such Non-Managing Member or any Affiliate thereof.

Section 6.7 Obligation to Complete Construction and to Pay Development Costs

The Managing Member shall (i) complete the construction of the Improvements 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 Improvements or cause the same to be equipped with all necessary and appropriate fixtures, equipment and articles of personal property, including refrigerators and ranges, all in accordance with the Project Documents and the drawings and specifications forming a part of the Construction Contract and (ii) cause the Company to satisfy any other requirements necessary to achieve Final Closing in accordance with the Project Documents. If the Designated Proceeds as available from time to time are insufficient to pay all Development Costs, the Managing Member 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 the Lenders and the Agency (or otherwise with any Requisite Approvals), be reimbursed at or prior to the Development Obligation Date (or, in the case of proceeds of Capital Contributions, through the date on which such Capital Contributions are received by the Company) only out of Designated Proceeds available from time to time after payment of all Development Costs. Development Advances up to the amount of the Development Amount may be treated as "Development Deficit Loans" and repaid in accordance with Article X of this Agreement. Any Development Advance in excess of the permitted Development Deficit Loans not reimbursed through the Development Obligation Date (or, in the case of proceeds of Capital Contributions, through the date on which such Capital Contributions are received by the Company) shall not be reimbursable, shall not be credited to the Capital Account of the Managing Member, or otherwise change the Interest of any Person in the Company, but shall be borne by the Managing Member under the terms of this Section 6.7.

Section 6.8 Obligation to Provide for Operating Expenses

A. During the period (the "Operating Expense Loan Period") commencing on the Admission Date and ending on the third (3rd) anniversary of the later to occur of (A) the Development Obligation Date or (B) achievement of 115% Debt Service Coverage Ratio for a period of twelve (12) consecutive calendar months commencing after Final Closing, the Managing Members agree that if the Company requires funds to discharge Operating Expenses (other than to make payments to Members, payments of any outstanding Operating Expense Loans or other obligations herein provided to be payable solely out of Cash Flow or distributions of proceeds from a Capital Transaction), the Managing Members shall furnish to the Company the funds required. Amounts so furnished to fund Operating Expenses incurred prior to the Development Obligation Date shall be deemed Special Capital Contributions. Amounts furnished to fund Operating Expenses incurred on or after the Development Obligation Date shall constitute Operating Expense Loans. Operating Expense Loans shall not bear interest and be repayable only as provided in Article X. Notwithstanding the foregoing, however, the Managing Members shall not be obligated to make Operating Expense Loans under this Section 6.8A to the extent that the outstanding aggregate principal amount of such Operating Expense Loans would exceed $186,000. Operating Expense Loans may be funded and subsequently repaid in whole or in part by the Company, and the Managing Member's obligation to make additional Operating Expense Loans will be reinstated to the extent that any Operating Expense Loans have been repaid. In addition, in order for the Operating Expense Loan Period to terminate the amount of funds then available in the Operating Reserve must equal or exceed $186,000 and the Company must have achieved an average Debt Service Coverage Ratio of 115% for a period of twelve (12) consecutive calendar months ending no earlier than the third anniversary described in the first sentence of this Section 6.8A.

Section 6.9 Certain Payments to the Managing Members and Affiliates

A. For its services in connection with the development of the Property and the supervision to completion of the construction of the Improvements and as reimbursement for Development Advances, the Developer shall be entitled to receive the amounts set forth in the Development Agreement.

B. In consideration of its services in the day-to-day administration of the business affairs of the Company, the Managing Members shall receive a Company Management Fee in an amount equal to $7,500 per annum and increasing annually at 3%. Such fee shall be payable in accordance with the Company Management Agreement and Article X.

C. All of the Company's expenses shall be billed directly to, and paid by, the Company to the extent practicable. Subject to the terms of this Agreement, reimbursements to a Managing Member or any of its Affiliates by the Company shall be allowed subject to the following conditions:

(i) such goods or services must be necessary for the prudent formation, development, organization or operation of the Company;

(ii) reimbursement for goods or services provided by Persons who are not affiliated with a Managing Member shall not exceed the cost to a Managing Members or their Affiliates of obtaining such goods or services; and

(iii) reimbursement for goods and services obtained directly from a Managing Member or its Affiliates shall not exceed the amount the Company would be required to pay independent parties for comparable goods and services in the same geographic location and shall not include reimbursement for the general overhead of the Managing Members or their Affiliates (including salaries and benefits of employees thereof).

D. Neither the Managing Members nor any of their Affiliates shall be entitled to any compensation, fees or profits from the Company in connection with the acquisition, construction, development or rent-up of the Land or Improvements or for the administration of the Company's business or otherwise, except for (i) payments provided for or referred to in Sections 2.4(v) or 6.9, (ii) payments of the Management Fee, the Company Management Fee, Construction Supervision Fee and Incentive Management Fee, (iii) fees and distributions under Article X, (iv) such other fees and distributions as may be permitted to be paid by any Lender or the Governmental Agency out of the proceeds of any Mortgage Loan.

Section 6.10 Joint and Several Obligations

If there is more than one Managing Member, all obligations of the Managing Members hereunder shall be joint and several obligations of the Managing Members, except as herein expressly provided to the contrary.

Section 6.11 Reserve Accounts

A. The Managing Members shall establish a reserve account for capital replacements (the "Replacement Reserve"), which account shall be funded commencing in the first month of the year in which the Completion Date is achieved, by monthly deposits of $1,100 which amount equals $13,200 per year or $300 per unit per year (or such greater amount as may be required by any Lender or, subject to any Requisite Approvals, such lesser amount as shall be approved in writing by the Special Member from time to time), increasing 3% per year, commencing on the date of Permanent Mortgage Commencement. Withdrawals from such reserve shall be utilized solely to fund capital repairs and improvements deemed necessary by the Managing Members.

B. The Managing Members shall cause the Company to establish a reserve account for Operating Deficits (the "Operating Reserve") in the initial amount of $184,713. The Operating Reserve shall be funded in the first instance from the proceeds of the Fourth Installment of the Capital Contributions of the Investor Member; *provided*, *however*, that if for any reason such proceeds shall be insufficient to fully fund the Operating Reserve at such time, the Managing Members shall promptly fund any such shortfall. Any amount so furnished by the Managing Members shall constitute a Special Capital Contribution. Funds in the Operating Reserve may be used to pay, to the extent required, Operating Expenses, subject to any Requisite Approvals and the Consent of the Investor Member. The Operating Reserve shall be maintained throughout the Compliance Period. Upon expiration of the Compliance Period, any funds

remaining in the Operating Reserve shall be released in accordance with Section 10.1A. Notwithstanding the foregoing, to the extent an Unpaid Fee (as defined in Section 4.1(B)) exists on the thirteenth anniversary of the Completion Date, if permitted by the Lender, the Managing Member may use the Operating Reserve to pay the Unpaid Fee.

ARTICLE VII

WITHDRAWAL AND REMOVAL OF A MANAGING MEMBER

Section 7.1 Voluntary Withdrawal

No Managing Member shall have the right to withdraw or Retire voluntarily from the Company or sell, assign or encumber its Interest without the Consent of the Investor Member and any Requisite Approvals.

Section 7.2 Obligation to Continue

In the event of the Retirement of any Managing Member, the remaining Managing Members, if any, and any successor Managing Member shall have the obligation to continue the business of the Company employing its assets and name. Immediately after the occurrence of such Retirement, the remaining Managing Members, if any, shall notify the Investor Member thereof.

Section 7.3 Successor Managing Member

A. Upon the occurrence of any Retirement, the remaining Managing Members may designate a Person to become a successor Managing Member to the Retired Managing Member. Any Person so designated, subject to any Requisite Approvals, the Consent of the Investor Member and, if required by the Uniform Act or any other applicable law, the consent of any other Member so required, shall become a successor Managing Member.

B. If any Retirement shall occur at a time when there is no remaining Managing Member and no successor Managing Member is to be admitted pursuant to Section 7.3A or the remaining Managing Members do not elect to continue the business of the Company pursuant to Section 7.2, then the Investor Member shall have the right, subject to any Requisite Approvals and Section 6.3C, to designate a Person to become a successor Managing Member.

C. If the Investor Member elects to reconstitute the Company and admit a successor Managing Member pursuant to this Section 7.3, the relationship of the Members in the reconstituted Company shall be governed by this Agreement.

Section 7.4 Interest of Predecessor Managing Member

A. Except as provided in Section 7.3A, no assignee or transferee of all or any part of the Interest of a Managing Member shall have any automatic right to become a Managing Member. Until the acquisition of the Interest of a Retiring Managing Member pursuant to Section 7.4C or 7.7, such Interest shall be deemed to be that of an assignee and the holder thereof shall be entitled only to such rights as an assignee may have as such under the laws of the State.

B. Anything herein contained to the contrary notwithstanding, any Managing Member withdrawing voluntarily in violation of Section 7.1 shall remain liable for all of its obligations under this Agreement, for all its other obligations and liabilities hereunder incurred or accrued prior to the date of its withdrawal and for any loss or damage which the Company or any of its Members may incur as a result of such withdrawal (except as provided in Section 6.7), except for any loss or damage attributable to the default, negligence or misconduct of a successor Managing Member admitted in its place under this Agreement.

C. The disposition of the Managing Member Interest of a Managing Member Retiring voluntarily in compliance with this Agreement shall be accomplished in such manner as shall be acceptable to the remaining Managing Members, shall be approved by Consent of the Investor Member and shall have obtained any Requisite Approvals. Any other Retirement of a Managing Member shall be governed by Section 7.7D.

Section 7.5 Designation of New Managing Members

The Managing Members may, with the written consent of all Members, at any time designate new Managing Members, each with such Interest as a Managing Member in the Company as the Managing Members may specify, subject to any Requisite Approvals.

Any new Managing Member shall, as a condition of receiving any interest in the Company property, agree to be bound by the Project Documents and any other documents required in connection therewith and by the provisions of this Agreement, to the same extent and on the same terms as any other Managing Member.

Section 7.6 Amendment of Certificate; Approval of Certain Events

Upon the admission of a new Managing Member, the Schedule shall be amended to reflect such admission and an amendment to the Certificate, also reflecting such admission, shall be filed as required by the Uniform Act.

Each Member hereby consents to and authorizes any admission or substitution of a Managing Member or any other transaction, including, without limitation, the continuation of the Company business, which has been authorized under the provisions of this Agreement, and hereby ratifies and confirms each amendment of this Agreement necessary or appropriate to give effect to any such transaction.

Section 7.7 Removal or Nonconsensual Retirement of the Managing Members

A. In addition to any other rights granted to the Non-Managing Members hereunder, the Special Member shall have the right to remove and replace the Managing Member in accordance with the provisions of this Section 7.7 if a Material Default occurs and is not cured within the time period set forth in this Section 7.7. If at any time there is more than one Managing Member, all Managing Members may be removed and replaced in accordance with the provisions of this Section 7.7 in the event of a Material Default by any Managing Member.

B. As used in this Section 7.7, "Material Default" means the occurrence of any of the following events:

(i) a breach by any Managing Member (or any of its Affiliates) of any of its representations or warranties contained herein or in the performance of any of its obligations under this Agreement or any Related Agreement which breach has or may have a material adverse effect upon the Company, the Investor Member or the Project;

(ii) a violation by any Managing Member of any law, regulation or order applicable to the Company, or a material breach by the Company or any Managing Member under any Project Document or other material agreement or document affecting the Company or the Project which has or may have a material adverse effect on the Company, the Investor Member or the Project;

(iii) an Event of Bankruptcy as to any Managing Member, any Guarantor or the Company;

(iv) the commencement of foreclosure proceedings with respect to any Mortgage which have not been withdrawn or dismissed within sixty (60) days after the date of such commencement; or

(v) gross negligence, fraud, willful misconduct, misappropriation of Company funds, or a breach of fiduciary duty by a Managing Member or any Affiliate of a Managing Member providing services to or in connection with the Company or the Project.

C. In the event that the Special Member determines to remove any Managing Member pursuant to the provisions of this Section 7.7, the Special Member shall notify the Managing Member in writing of the Material Default that is the cause for the removal of the Managing Member (any such notice being referred to herein as a "Removal Notice" and the date of such Removal Notice being referred to herein as the "Removal Notice Date"). In the case of any Material Default described in clauses (i), (ii) or (iii) of Section 7.7B above, the Managing Member shall have thirty (30) business days (or sixty (60) business days if it is a non-monetary default) from the Removal Notice Date to cure the Material Default; ***provided***, ***however***, that if a non-monetary Material Default cannot be reasonably cured within thirty (30) business days, the Managing Member shall not be removed if the Managing Member commences such cure within thirty (30) business days and proceeds in good faith to cure diligently thereafter, provided that the cure is completed within sixty (60) business days following the Removal Notice Date (or such lesser period as is required to cure the Material Default), and the failure to cure such Material Default within a shorter period does not have a material adverse effect on the Company, the Property, or the Investor Member. For purposes of this paragraph, the failure to provide or maintain any insurance required by this Agreement shall be deemed to be a monetary default. If the Managing Member fails to cure within the specified time period, or if no cure right is afforded under the terms hereof, the removal of the Managing Member shall be deemed to be effective as of the expiration of any applicable cure period described above; otherwise, such removal shall be effective upon the conclusion of the applicable cure period without a cure of such Material Default reasonably acceptable to the Investor Member. The Managing Member shall have no right to cure any Material Default described in clause (v) of Section 7.7B above. Each Member hereby irrevocably appoints the Special Member (with full power of substitution)

as the attorney-in-fact of such Member for the purpose of executing, acknowledging, swearing to, recording and/or filing any amendment to this Agreement or the Certificate necessary or appropriate to confirm the foregoing, as well as any document associated with the bank accounts of the Company.

D. If a Managing Member is removed pursuant to this Section 7.7, Retires voluntarily in violation of this Agreement or involuntarily Retires, the Company shall pay to such Managing Member in the manner set forth in Section 7.7G an amount equal to (x) the sum of (i) an amount equal to the Managing Member's positive Capital Account balance, if any, following a deemed sale of all Company property and a deemed liquidation of the Company (but prior to any deemed distributions upon liquidation), (ii) the unpaid principal balance of any Operating Expense Loans, and (iii) any fees owed to the Managing Member and/or its Affiliates in the manner described in Section 7.7E below minus (y) an amount equal to any Adverse Consequences suffered by the Company or the Non-Managing Members as a result of the acts or omissions of the Managing Member prior to its removal or Retirement, including, without limitation, any Material Default creating the right of the Special Member to remove the Managing Member pursuant to the provisions of this Section 7.7. Any transfer taxes that are triggered by the removal or Retirement and the cost of any additional title insurance or title endorsements deemed to be necessary by the Special Member as a result of such removal or Retirement shall be paid by the removed or Retired Managing Member. The resulting amount is referred to herein as the "Withdrawal Purchase Price." Notwithstanding the foregoing, the Withdrawal Purchase Price shall not exceed the amount which the removed or Retired Managing Member would have received under Section 10.1B from a deemed sale of the Project on the Removal Notice Date or the date of Retirement (as applicable), based on the Appraised Value of the Project determined under Section 7.7F below plus, as set forth below in Section 7.7E, the amount of any unpaid fees owed to the Managing Member or its Affiliates including, without limitation, any unpaid Development Amount.

E. In the event of the removal of the Managing Member pursuant to the provisions of this Section 7.7, voluntary Retirement of the Managing Member in violation of this Agreement or involuntary Retirement of the Managing Member, ***any fees owed to the Managing Member or its Affiliates (including, without limitation, any unpaid Development Amount) for services performed prior to the Removal Notice Date or date of Retirement, as applicable, shall be added to the Withdrawal Purchase Price as described above***, *provided*, *however*, that (i) if any Adverse Consequences suffered by the Company or the Non-Managing Members exceed the Withdrawal Purchase Price as calculated pursuant to the provisions of Section 7.7D above, or (ii) there exist any unpaid obligations or liabilities of the Managing Member that relate to the period up to and including the effective date of the removal or Retirement of the Managing Member, any such unpaid fees owed to the Managing Member or its Affiliates shall, to the extent of any such Adverse Consequences or obligations or liabilities, as the case may be, be treated as if they were paid to the Managing Member (or such Affiliates) and applied by the Managing Member (or such Affiliates) to the payment or satisfaction of such Adverse Consequences, obligations or liabilities, and, to the extent of such application, the obligation of the Company to make actual cash payments of such fees to the Managing Member (or such Affiliates) shall be reduced or eliminated, as the case may be.

F. The Appraised Value of the Property shall be determined as follows. As soon as practicable and in any event within ten business days following the effective date of removal as specified in Section 7.7C above or the date of Retirement (as applicable), the Managing Member and the Special Member shall select a mutually acceptable Independent Appraiser. In the event that the parties are unable to agree upon an Independent Appraiser within such ten business day period, the Managing Member and the Special Member each shall select an Independent Appraiser. If either party fails to select an Independent Appraiser within the time period described above, the determination of the other Independent Appraiser shall control. If the difference between the Appraised Values set forth in the two appraisals is not more than ten percent (10%) of the Appraised Value set forth in the lower of the two appraisals, the fair market value shall be the average of the two appraisals. If the difference between the two appraisals is greater than ten percent (10%) of the lower of the two appraisals, then the two Independent Appraisers shall jointly select a third Independent Appraiser whose determination of Appraised Value shall be deemed to be binding on all parties as long as the third determination is between the other two determinations. If the third determination is either lower or higher than both of the other two appraisers, then the average of all three appraisers shall be the fair market value. The Company and the removed or Retiring Managing Member shall each pay one-half of the fees and expenses of any Independent Appraiser(s) selected pursuant to this Section 7.7F.

G. In the event of the removal of the Managing Member pursuant to the provisions of this Section 7.7, voluntary Retirement of the Managing Member in violation of this Agreement or involuntary Retirement of the Managing Member, any Withdrawal Purchase Price due to the Managing Member pursuant to the provisions of Section 7.7D above shall be payable from the first available Capital Proceeds prior to any other distributions or payments to the Members under Section 10.1B hereof except for those items listed in clauses *First* and *Second* of Section 10.1B.

H. Upon determination of the Withdrawal Purchase Price under the provisions of this Section 7.7, the Company and its remaining Members shall be deemed to be completely released from all liability to such Managing Member and its Affiliates generally and to any others claiming by or through the Managing Member to whom any distributions or loan, fee or other payments are to be made under Article X or otherwise, and the Managing Member shall be released from any and all obligations to the Company and the Members which arise after the Removal Notice Date or date of Retirement, as applicable. Concurrently with the determination of the Withdrawal Purchase Price, each Managing Member shall provide the Company, the successor Managing Member(s) and the Investor Member with additional written releases from the Managing Member (and any Affiliates to whom obligations of any kind are owed by the Company, the successor Managing Member(s), the Non-Managing Members or any of their respective Affiliates) confirming such releases.

I. In the event that the Managing Member is removed pursuant to the provisions of this Section 7.7, voluntarily Retires in violation of this Agreement or involuntarily Retires, (i) all agreements between the Company and the Managing Member and/or its Affiliates may, at the election of the Company, be terminated and, except for payment of the Withdrawal Purchase Price due to the Managing Member (or such Affiliates), the Company shall have no further obligations under such agreements, and (ii) the removed or Retired Managing Member shall be liable for all costs and expenses incurred by the Company or the Non-Managing Members in

connection with the admission to the Company of a successor Managing Member, which shall be considered Adverse Consequences for a purpose of this Section. From and after the effective date of its removal or Retirement, the removed or Retiring Managing Member shall not be liable for obligations of the Company incurred subsequent to such effective date unless such obligations arise out of acts or omissions of the removed or Retiring Managing Member prior to such effective date. The removed or Retiring Managing Member shall continue to be liable for all obligations, liabilities, and guarantees incurred by it in its capacity as the Managing Member and any Company obligations not listed in the prior year's financial statements (to the extent such obligations accrued and were therefore properly included in such financial statements) or otherwise described in writing to the Special Member, and for any Adverse Consequences caused by or arising out of its acts or omissions, prior to the effective date of its removal or Retirement. Without limiting the generality of the foregoing, and in addition to any of its other obligations hereunder, the removed or Retiring Managing Member shall continue to be liable for any payments or advances due to the Non-Managing Members or the Company pursuant to the Capital Contribution adjustment provisions of Article V as a result of any adjustments determined thereunder, other than adjustments arising from a Recapture Event or the acts or omissions of any replacement or successor Managing Member, in either case subsequent to the effective date of the removal or Retirement of the removed or Retiring Managing Member. For the avoidance of doubt, the removed or Retiring Managing Member shall have no liability for (i) any claims, suits, actions, debts, damages, costs, charges, obligations, judgments and expenses or losses of any nature whatsoever which related to the gross negligence, willful misconduct, fraud or material violation of this Agreement by a replacement Managing Member which occurs subsequent to the removal or Retirement of the initial Managing Member; or (ii) for any payments or advances due to the Non-Managing Members or the Company pursuant to the Capital Contribution adjustment provisions of Article V as a result of any adjustments determined thereunder which adjustments arise from a Recapture Event or the acts or omissions of any replacement or successor Managing Member, in either case subsequent to the effective date of the removal or Retirement of the removed or Retiring Managing Member.

J. In the event that the Managing Member is removed pursuant to the provisions of this Section 7.7, voluntarily Retires in violation of this Agreement or involuntarily Retires, the Special Member may designate a Person or Persons, including, without limitation, an Affiliate of the Special Member, to become a successor Managing Member or Members replacing the removed or Retired Managing Member, subject to any Requisite Approvals and to the terms of the Project Documents.

K. The election by the Special Member to remove any Managing Member pursuant to the provisions of this Section 7.7 shall not limit or restrict the availability and use of any other remedy that the Special Member or the Investor Member may have with respect to any Managing Member in connection with its undertakings and responsibilities under this Agreement, and the exercise by the Special Member of the rights granted to it in this Section 7.7 is understood by the parties hereto to be permitted by the Uniform Act as the exercise of powers not constituting participation in the control of the business so as to cause the Special Member (or the Investor Member) to be liable for Company obligations as a managing member.

L. In the event that a Managing Member is removed pursuant to the provisions of this Section 7.7, voluntarily Retires in violation of this Agreement or involuntarily Retires, such

removed or Retired Managing Member shall immediately deliver to the Special Member all books, records, tax and financial information relating to the Company and the Property that are in the possession or under the control of such Managing Member or any of its Affiliates. Such Managing Member agrees that if it fails to comply with the provisions of this Section 7.7L, the Non-Managing Members may enforce such provisions by specific performance, and no portion of the Withdrawal Purchase Price shall be payable unless the provisions of this Section are fully and promptly complied with.

M. If a Managing Member fails to comply with any of its obligations under this Section 7.7 or contests the right of the Special Member to exercise the removal or other rights described in this Section 7.7, any costs and expenses incurred by the Non-Managing Members in enforcing their rights in this Section 7.7, including, without limitation, reasonable and actual legal fees and expenses, shall be paid by such Managing Member upon presentation of an itemized statement describing the same, which costs shall be deemed to be Adverse Consequences for purposes of this Section.

N. In the event that the Special Member sends a Removal Notice, the Special Member may, as of such date, elect to become, or to designate another Person, including, without limitation, an Affiliate of the Investor Member or the Special Member, to become, an additional Managing Member with all the rights and privileges of a Managing Member. Upon such election by the Special Member, the Special Member or such other Entity shall automatically become and shall be deemed to be a Managing Member and each Member hereby irrevocably appoints the Special Member (with full power of substitution) as the attorney-in-fact of such Member for the purpose of executing, acknowledging, swearing to, recording and/or filing any amendment to this Agreement and the Certificate necessary or appropriate to confirm the foregoing. If the Special Member or such other Person shall become an additional Managing Member as herein stated, its interest in the Company shall not be increased as a result thereof. In the event of the admission of the Special Member or such Person as a Managing Member pursuant to this Section 7.7N, and if there are then any other Managing Members, the Special Member or such other Person shall have managerial rights, authority and voting rights of 51% on any matters to be decided or voted upon by the Managing Members or the Managing Member, as the case may be, and the rights and authority of the remaining Managing Members or the Managing Member, as the case may be, shall be deemed equally divided among them.

ARTICLE VIII

TRANSFER OF NON-MANAGING MEMBER INTERESTS

Section 8.1 Right to Assign

A. Except as restricted in this Article VIII or by operation of law, and subject to the Regulations, each Non-Managing Member shall have the right to assign its Interest and to substitute in its place as a Substitute Non-Managing Member:

(i) any Affiliate of the Investor Member with notice to the Managing Members;

(ii) any Person provided that the net worth of the proposed assignee is acceptable to the Managing Members in their reasonable discretion;

(iii) any partnership or limited liability company in which the Investor Member, or an Affiliate of the Investor Member, is the general partner or managing member; or

(iv) any other Person with the consent of the Managing Members which may be given or withheld in their sole but reasonable discretion.

B. The Managing Members, at the sole expense of the assigning Non-Managing Member, shall cooperate in good faith to effect such assignment as expeditiously as possible, including without limitation the execution of appropriate amendments to, or updates of, the Related Agreements and/or any other documents which the assigning Non-Managing Member reasonably determines necessary or appropriate to accomplish such assignment, including, but not limited to, any amendments, updated opinion of Company Counsel, authorizing resolutions of the Managing Members and Developer and any other documents reasonably deemed necessary and appropriate by the Investor Member. In addition, in the event of a Transfer of any interest in the Investor Member, the Managing Members agree to make such changes to this Agreement and the Related Agreements as the Investor Member may reasonably request.

C. The assignor shall assume any costs incurred by the Company in connection with an assignment of its Interest including, without limitation, costs associated with preparation and execution of appropriate amendments to, or updates of, the Related Agreements and/or any other documents in connection therewith.

Section 8.2 Substitute Non-Managing Members

Each Non-Managing Member shall have the right to substitute an assignee as a Non-Managing Member in its place, subject to any Requisite Approvals. Any Substitute Non-Managing Member shall agree to be bound (to the same extent to which its predecessor in interest was so bound) by the Project Documents and this Agreement as a condition to its being admitted to the Company.

Section 8.3 Assignees

A. Any permitted assignee of a Non-Managing Member, which does not become a Substitute Non-Managing Member shall have the right to receive the same share of profits, losses and distributions of the Company to which the assigning Non-Managing Member would have been entitled.

B. Any assigning Non-Managing Member shall cease to be a Non-Managing Member and shall no longer have any rights or obligations of a Non-Managing Member except that, unless and until the assignee of such Non-Managing Member is admitted to the Company as a Substitute Non-Managing Member, said assigning Non-Managing Member shall retain the statutory rights and be subject to the statutory obligations of an assignor Non-Managing Member under the Uniform Act as well as the obligation to make the Capital Contributions attributable to the Interest in question, if any portion thereof remains unpaid.

C. There shall be filed with the Company a duly executed and acknowledged counterpart of the instrument making each assignment; such instrument must evidence the written acceptance of the assignee to this Agreement and the Project Documents. If such an instrument is not so filed, the Company need not recognize any such assignment for any purpose.

D. In the case of any assignment of a Non-Managing Member's Interest as a Non-Managing Member, where the assignee does not become a Substitute Non-Managing Member, the Company shall recognize the assignment not later than the last day of the calendar month following receipt of notice of assignment and required documentation.

E. An assignee of a Non-Managing Member's Interest who does not become a Substitute Non-Managing Member and who desires to make a further assignment of its Interest shall also be subject to the provisions of this Article VIII.

ARTICLE IX

LOANS; MORTGAGE REFINANCING; PROPERTY DISPOSITION

Section 9.1 General

A. The Company shall be authorized to obtain the Mortgage Loans to finance the acquisition, development and construction of the Property and (to the extent permitted by the Lender) shall secure the same by the Mortgages. Except as set forth in the Project Documents as they exist on the date of Investment Closing, each Mortgage shall provide that no Member or Related Person shall bear the Economic Risk of Loss for all or any part of such Mortgage Loans. Notwithstanding anything to the contrary herein, the Managing Members shall have no authority to enter into the First Mortgage Loan without the Consent of the Special Member to the extent the outstanding principal amount exceeds $2,730,000. All material Mortgage Loan Documents not approved by the Investor Member as of Investment Closing shall be submitted to and approved by the Investor Member prior to execution and delivery thereof.

B. Subject to Section 6.1, the Managing Members are specifically authorized, for and on behalf of the Company, to execute the Project Documents and any permitted amendments thereto and, subject to the limitations set forth herein, such other documents as they deem necessary or appropriate in connection with the acquisition, development, operation and financing of the Property.

C. All Company borrowings shall be subject to Section 6.1, this Article, the Project Documents and the Regulations. To the extent borrowings are permitted, they may be made from any source, including Members and Affiliates. The Company may accept Development Advances as and when permitted pursuant to the Development Agreement, and may issue instruments evidencing Operating Expense Loans.

D. If any Member shall lend any monies to the Company, any such loan shall be unsecured and the amount of any such additional loan from a Member shall not be an increase of its Capital Contribution. Until such time as the Managing Members and the Developer shall have performed fully their obligations to make Operating Expense Loans and Development Advances, any loan from a Managing Member or an Affiliate of a Managing Member shall be an obligation

of the Company to the Member or Affiliate only if it constitutes an Operating Expense Loan or Development Advance in accordance with the provisions of this Agreement or the Development Agreement, as applicable, and shall be repayable as therein provided. Subject to the preceding sentence, any loans to the Company by a Managing Member or an Affiliate of a Managing Member may be made on such terms and conditions as may be agreed on by the Company, consistent with good business practices.

E. Subject to the provisions of this Agreement with respect to related party loans, the Investor Member or an Affiliate thereof (the Investor Member or its Affiliate being referred to herein as a "Mortgagee Non-Managing Member") 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 Property owned by the Company (any such loan being referred to as a "Related Mortgage Loan"). Under no circumstances will a Mortgagee Non-Managing Member be considered to be acting on behalf or as an agent or the alter ego of the Investor Member. A Mortgagee Non-Managing Member may take any actions that the Mortgagee Non-Managing Member, in its discretion, determines to be advisable in connection with its Related Mortgage Loan (including in connection with the enforcement of its Related Mortgage Loan). Each Member agrees, to the extent permitted by applicable law, that no Mortgagee Non-Managing Member owes the Company or any Member any fiduciary duty or other duty or obligation whatsoever by virtue of such Mortgagee Non-Managing Member being a limited partner- or member in the Investor Member. Neither the Company nor any Member will make any claim against a Mortgagee Non-Managing Member, or against the Investor Member in which the Mortgagee Non-Managing Member is a partner or member, relating to a Related 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 Non-Managing Member's status as a limited partner or member of the Investor Member. Notwithstanding any provision to the contrary in this Section 9.1E, the Managing Members shall not obtain or consent to any Related Mortgage Loan unless (i) they have obtained the prior Consent of the Investor Member and (ii) they have determined, based on the financial projections prepared at the time of requesting such Consent and the advice of Investor Tax Counsel, that the Related Mortgage Loan will not result in any reallocation of Tax Credits or other tax benefits among the Members.

Section 9.2 Refinancing and Sale

The Company may not increase the amount of or otherwise materially modify any Mortgage Loan, obtain any new Mortgage Loan or refinance any Mortgage Loan including any required Transfer of Company assets for security or mortgage purposes, and may not sell, lease, exchange or otherwise Transfer all or substantially all the assets of the Company without the Consent of the Investor Member. In the event that an Affiliate of Bank of America, N.A. shall be ready, willing and able to furnish financing on substantially equivalent terms, the Consent of the Investor Member to any proposed refinancing of a Mortgage Loan may be conditioned upon the substitution of such Affiliate as the maker of such refinanced Mortgage Loan. Notwithstanding the foregoing, no such Consent shall be required for the leasing of apartments to tenants in the normal course of operations; *provided, however*, unless such Consent is obtained, the Company shall lease the Project in such a manner as to qualify as a "qualified low-income housing project"

under Section 42(g)(1) of the Code, and shall lease all of the Low Income Units to Qualified Tenants.

Section 9.3 Sales Commissions

In connection with the sale of the Property by the Company, no Person may receive real estate commissions in excess of that which is reasonable, customary, and competitive with those paid in similar transactions in the same geographic area. Real estate commissions may be paid to an Affiliate of a Managing Member.

ARTICLE X

PROFITS, LOSSES AND DISTRIBUTIONS

Section 10.1 Distributions Prior to Dissolution

A. *Distribution of Cash Flow*.

Subject to any Requisite Approvals, (i) net rental income generated through the Completion Date shall be includable in Designated Proceeds and shall be available to the Developer and the Managing Members for the purposes and subject to the conditions set forth in Section 6.7 hereof. From and after the Completion Date, Cash Flow for each Fiscal Year (or fractional portion thereof) shall be distributed within ninety (90) days after the end of each Fiscal Year, in the following order of priority:

First, to pay the Asset Management Fee to the Special Member;

Second, to the Investor Member an amount equal to any amounts contributed by the Investor Member pursuant to Section 6.4P(iii)(if any);

Third, to the payment of any Deferred Development Fee;

Fourth, to the Investor Member the payment of any unpaid Tax Credit Shortfall Payments;

Fifth, to the payment of the Company Management Fee;

Sixth, to the repayment of any Operating Expense Loans or Development Deficit Loans then outstanding;

Seventh, to the replenishment of the Operating Reserve;

Eighth, any balance, 90% shall be distributed to the Managing Members first as payment of the Supervisory Management Fee and then as a distribution and 10% shall be distributed to the Investor Member.

B. *Distributions of Capital Transaction Proceeds*

Prior to dissolution, if the Managing Members shall determine that there are proceeds available for distribution from a Capital Transaction, such proceeds shall be applied and distributed as follows:

First, to discharge, to the extent required by any lender or creditor, the debts and obligations of the Company (other than items listed in the ensuing clauses of this Section 10.1B);

Second, to fund reserves for contingent liabilities to the extent deemed reasonable by the Managing Members (other than items listed in the ensuing clauses of this Section 10.1B);

Third, first, to the Non-Managing Members in an amount equal to, on an After-Tax Basis, the taxes (if any) owed by it (or them) as a result of any income allocation arising out of the Capital Transaction plus any amounts contributed by the Investor Member pursuant to Section 6.4P(iii)(if any) and then to the Managing Member in an amount equal to, on an After-Tax Basis, the taxes (if any) owed by it as a result of any income allocation arising out of the Capital Transaction;

Fourth, to the Special Member any unpaid Asset Management Fee;

Fifth, to the repayment of any outstanding Deferred Development Fee;

Sixth, to the Investor Member an amount equal to any theretofore unpaid Tax Credit Shortfall Payments;

Seventh, to the Managing Members an amount equal to any unpaid Company Management Fee;

Eighth, to the payment of any outstanding Operating Expense Loans or Development Deficit Loans; and

Ninth, the balance of such proceeds shall be distributed 10% to the Investor Member and 90% to the Managing Members.

C. *Sharing of Distributions*

All distributions to the respective classes of the Members shall be shared by the members of such classes in accordance with the percentages set forth opposite their respective names on the Schedule, except as otherwise provided in this Agreement.

D. *Proceeds from Insurance*

Notwithstanding the provisions of Sections 10.1A or 10.1B, if the Company receives proceeds from the Title Policy, an insurance policy, or as the result of a casualty (if the proceeds are not used for reconstruction) or condemnation after payment of debts and obligations of the Company, such proceeds shall be applied and distributed to the payment to the Investor Member of an amount equal to 100% of its Net Capital Contribution less the sum of all Tax Credits

received by the Investor Member and not subject to a Recapture Event; and the balance to the Managing Members.

Section 10.2 Distributions Upon Dissolution

A. Upon dissolution and termination, after payment of, or adequate provision for, the debts and obligations of the Company, the remaining assets of the Company shall be distributed to the Members in accordance with the positive balances in their Capital Accounts after taking into account all Capital Account adjustments for the Taxable Year, including adjustments to Capital Accounts pursuant to Sections 10.2B and 10.3B. Liquidation distributions shall be made by the end of the Taxable Year in which the liquidation occurs or, if later, within ninety (90) days after the date of liquidation. In the event that a Managing Member or Investor Member has a negative balance in its Capital Account following the liquidation of the Company or its Interest after taking into account all Capital Account adjustments for the Taxable Year in which the liquidation occurs, such Member shall pay to the Company in cash an amount equal to the negative balance in its Capital Account. Such payment shall be made by the end of such Taxable Year (or, if later, within ninety (90) days after the date of such liquidation) and shall, upon liquidation of the Company, be paid to recourse creditors of the Company or distributed to other Members in accordance with the positive balances in their Capital Accounts. Notwithstanding the foregoing, the obligation of each Member to contribute such deficit shall be zero unless and until it shall notify the Company in writing of its election to have a different amount (the "Designated Amount") apply, which Designated Amount may be increased or reduced (subject to the provisions of the following sentence) by similar written notice from the Investor Member at any subsequent date. No such notice shall be effective with respect to any Fiscal Year unless the same shall be given prior to the end of such Fiscal Year. No subsequent reduction to the Designated Amount shall be permitted if such reduction would cause the Designated Amount to be less than the Member's deficit balance in its Capital Account (as such Capital Account is increased by the Member's share of Partnership Minimum Gain) at the end of the Company's immediately preceding tax year.

B. With respect to assets distributed in kind to the Members in liquidation or otherwise, (i) any unrealized appreciation or unrealized depreciation in the values of such assets shall be deemed to be Profits and Losses realized by the Company immediately prior to the liquidation or other distribution event; and (ii) such Profits and Losses shall be allocated to the Members in accordance with Section 10.3B, and any property so distributed shall be treated as a distribution of an amount in cash equal to the excess of such fair market value over the outstanding principal balance of and accrued interest on any debt by which the property is encumbered. For the purposes of this Section 10.2B, "unrealized appreciation" or "unrealized depreciation" shall mean the difference between the fair market value of such assets, taking into account the fair market value of the associated financing (but subject to Section 7701(g) of the Code), and the Company's adjusted basis for such assets as determined under Section 1.704-1(b). This Section 10.2B is merely intended to provide a rule for allocating unrealized gains and losses upon liquidation or other distribution event, and nothing contained in this Section 10.2B or elsewhere herein is intended to treat or cause such distributions to be treated as sales for value. The fair market value of such assets shall be determined by an appraiser to be selected by the Managing Members with the Consent of the Investor Member.

Section 10.3 Profits, Losses and Tax Credits

A. After giving effect to the special allocation provisions of Section 10.4, and subject to the provisions of Section 6.1B, Profits and Losses for any Taxable Year shall be allocated to the Members as follows: 99.99% to Investor Member and 0.01% to the Managing Member.

B. After giving effect to the special allocation provisions of Section 10.4, Profits and Losses from a Capital Transaction in any Taxable Year (and, if necessary, items of gain or loss from such Capital Transaction) shall be allocated to and among the Members so as to cause (as nearly as possible) the Adjusted Capital Accounts of the Members to equal the amounts to which each Member would be entitled if all remaining assets of the Company were sold for their Gross Asset Values, all obligations of the Company were paid and all remaining amounts distributed as provided in Section 10.2.

Section 10.4 Special Allocation Provisions

Prior to making any allocations pursuant to Section 10.3, the allocations below shall be made in the following order:

A. Nonrecourse Deductions shall be allocated among the Members for any Taxable Year in the same manner as Losses are generally allocated for such Taxable Year.

B. Partner Nonrecourse Deductions shall be allocated to and among the Members in the manner provided in the Allocation Regulations.

C. Subject to the provisions of Section 10.4H, if there is a net decrease in Partnership Minimum Gain for a Taxable Year, the Members shall be allocated items of Company income and gain in accordance with the provisions of Treas. Reg. §1.704-2(f).

D. Subject to the provisions of Section 10.4H, if there is a net decrease in Partner Nonrecourse Debt Minimum Gain for a Taxable Year, then any Member with a Share of such Partner Nonrecourse Debt Minimum Gain shall be allocated items of Company income and gain in accordance with the provisions of Treas. Reg. §1.704-2(i)(4).

E. Subject to the provisions of Sections 10.4A through 10.4D above, in the event that any Member unexpectedly receives any adjustments, allocations or distributions described in Treas. Reg. §§1.704-1(b)(2)(ii)(d)(4), (5) or (6), items of Company income and gain shall be specially allocated to each such Member in an amount and manner sufficient to eliminate, to the extent required by the Allocation Regulations, the Adjusted Capital Account Deficit of such Member as quickly as possible. This Section 10.4E is intended to constitute a "qualified income offset" provision within the meaning of the Allocation Regulations and shall be interpreted consistently therewith.

F. Subject to the provisions of Sections 10.4A through 10.4E above, in no event shall any Members be allocated Losses that would cause it to have an Adjusted Capital Account Deficit as of the end of any Taxable Year. Any Losses that are not allocated to a Member by reason of the application of the provisions of this Section 10.4F shall be allocated to the other Members (to the extent otherwise permitted under the terms of this Section 10.4) until each

Member's Capital Account equals zero, with all remaining Losses allocated to the Members in accordance with Section 10.1A.

G. Subject to the provisions of Sections 10.4A through 10.4F above, in the event that any Member has an Adjusted Capital Account Deficit at the end of any Taxable Year, items of Company income and gain shall be specially allocated to each such Member in the amount of such Adjusted Capital Account Deficit as quickly as possible.

H. If for any Taxable Year the application of the minimum gain chargeback provisions of Section 10.4C or Section 10.4D would cause a distortion in the economic arrangement among the Members and it is not expected that the Company will have sufficient other income to correct that distortion, the Managing Member may request a waiver from the Commissioner of the IRS of the application in whole or in part of Section 10.4C or Section 10.4D in accordance with Treas. Reg. §1.704-2(f)(4). Furthermore, if additional exceptions to the minimum gain chargeback requirements of the Allocation Regulations have been provided through revenue rulings or other IRS pronouncements, the Managing Member (with the Consent of the Investor Member) may cause the Company to take advantage of such exceptions if to do so would be in the best interest of the Investor Member.

I. Any cancellation of debt income realized by the Company shall be allocated to the Members in the same proportions as the debt that was discharged was included in each Member's tax basis in accordance with the applicable provisions of the Allocation Regulations and the Code Section 752 Regulations.

J. To the extent that interest on loans (or other advances which are deemed to be loans) made by any Member to the Company is determined to be deductible by the Company in excess of the amount of interest actually paid by the Company, such additional interest deduction(s) shall be allocated solely to such Member.

Section 10.5 Allocations for Income Tax Purposes

A. Except as otherwise specifically provided in this Agreement, all items of the Company's taxable income, gain, loss, deduction and other items not specifically provided for shall be allocated to and among the Members in a manner consistent with the allocations of the corresponding items of income, gain, loss and expense for purposes of maintaining Capital Accounts. Allocations pursuant to this Section 10.5A are solely for purposes of federal, state and local taxes and shall not affect, or in any way be taken into account in computing, any Member's Capital Account or share of Profits, Losses, Tax Credits or distributions pursuant to any other provisions of this Agreement.

B. In accordance with Code Section 704(c) and the Treasury Regulations thereunder, income, gain, loss, and deduction with respect to any property contributed to the capital of the Company shall, solely for tax purposes, be allocated 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 initial Gross Asset Value. In the event that the Gross Asset Value of any Company Property is adjusted pursuant to the terms of this Agreement, subsequent allocations of income, gain, loss, and deduction with respect to such asset shall take account of

any variation between the adjusted basis of such asset for federal income tax purposes and its Gross Asset Value in the same manner as under Code Section 704(c) and the Treasury Regulations thereunder. Any elections or other decisions relating to such allocations shall be made by the Managing Member (with the Consent of the Investor Member) in any manner that reasonably reflects the purpose and intention of this Agreement. Allocations pursuant to this Section 10.5B are solely for purposes of federal, state, and local taxes and shall not affect, or in any way be taken into account in computing, any Member's Capital Account or share of Profits, Losses, other items, or distributions pursuant to any provision of this Agreement.

C. Federal Low Income Tax Credits shall be allocated to and among the Members in accordance with their allocable shares of Losses described in Section 10.3A, it being understood and agreed that each Member's allocable share of Losses reflects the same allocable share of depreciation and cost recovery deductions attributable to the underlying Improvements generating such Federal Low Income Tax Credits. Any other tax credits with respect to the Company's operations shall be allocated among the Members as permitted by Treas. Reg. §1.704-1(b)(4)(ii).

D. Any recapture of any Tax Credit shall be allocated to and among the Members in the same manner in which such Tax Credit was allocated to the Members.

E. For purposes of determining each Member's proportionate share of the excess Nonrecourse Debt of the Company pursuant to Treas. Reg. §1.752-3(a)(3), the Members shall be deemed to have an interest in Profits equal to the percentage interests set forth in Section 10.3A.

F. Any income earned by the Company prior to the Development Obligation Date shall be specially allocated to the Managing Member.

G. A summary of special allocations is set forth in **Exhibit M**.

Section 10.6 General Rules

A. For purposes of determining the Profits, Losses, Tax Credits, or any other items allocable to any period, Profits, Losses, Tax Credits, and any such other items shall be determined on a closing of the books method, provided that the Managing Member may (with the Consent of the Investor Member) use daily, monthly, or other conventions or any other permissible method under Code Section 706 and the Treasury Regulations thereunder.

B. Except as otherwise specifically provided in this Section 10.6, all Profits, Losses and Tax Credits allocated to each class of Members shall be shared by the respective Members in such class in the ratio which the paid-in Capital Contribution of each Member in such class bears to the aggregate paid-in Capital Contributions of all Members in such class.

Section 10.7 Order of Application. The provisions of this Section 10 shall be applied in the order required by the applicable provisions of the Allocation Regulations or if no such order is specified, in the manner determined by the Accountants.

ARTICLE XI

MANAGEMENT AGENT

Section 11.1 Management Agent

The Managing Members shall have responsibility for obtaining a Management Agent acceptable to the Investor Member and each Lender and Governmental Agency to manage the Project in accordance with the requirements of each Lender and Governmental Agency. The Managing Members shall cause the Company to enter into the Management Agreement with the Management Agent, which may be an Affiliate of a Managing Member. The initial Management Agent shall be Community Housing Partnership. No Management Agent may be removed or replaced without the prior written consent of the Investor Member. Subject to the Regulations, the Management Agent shall be entitled to receive a reasonable and competitive Management Fee (determined by reference to arm's-length property management arrangements for comparable properties in force in the general locality of the Project) not to exceed the lesser of 5% of gross rental income or the maximum amount permitted by any relevant Governmental Agency or Lender.

The Management Agent acknowledges that the Company is required under this Agreement to use best efforts to lease 100% of the Low Income Units to tenants whose income and rent levels qualify such apartments for inclusion in meeting the requirements for Tax Credits and:

(i) The Management Agent shall require each prospective tenant to certify, on the lease application or lease, the amount of such tenant's annual family income, family size, and any other information reasonably requested by the Company in connection with the Tax Credits. The Management Agent shall require the tenants to certify in writing as to such matters on an annual basis, prior to such time as the information is required for reporting purposes.

(ii) Without the Company's express prior written consent, the Management Agent shall not enter into any lease on behalf of the Company at a rental amount exceeding the application maximum.

(iii) The Management Agent shall maintain and preserve all written records of the tenants' family income and size, and any other information reasonably requested by the Company in writing in connection with the Tax Credits, throughout the term of the Management Agreement, and shall turn all such records over to the Company upon the termination or expiration of the Management Agreement.

(iv) The Management Agent shall prepare reports of low-income leasing and occupancy in form suitable for submission in connection with the Tax Credits.

If at any time after the Completion Date:

(i) the Project shall be subject to any substantial building code violation which shall not have been cured within ninety (90) days after notice

from the applicable Governmental Agency or department or unless such violation is being validly contested by the Managing Members by proceedings which operate to prevent any fines or criminal penalties from being levied against the Company or unless, in the case of any such violation not susceptible of cure within such ninety (90)-day period, the Managing Members are diligently making reasonable efforts to cure the same,

(ii) operating revenues of the Project in respect of any period of twelve (12) consecutive calendar months after the Completion Date shall be insufficient to permit the Company to pay when due on a current basis all Company obligations in respect of such twelve (12)-month period,

(iii) the Project ceases to qualify as a "qualified low-income housing project" under Section 42(g) of the Code or any Low Income Unit in the Project ceases to qualify as a "low income unit" under Section 42(i)(3) of the Code,

(iv) a Recapture Event shall have occurred,

(v) the Management Agent or its agents or employees have demonstrated incompetence or malfeasance in the management of the Project, or

(vi) the Special Member has elected to remove a Managing Member that is an Affiliate of the Management Agent pursuant to the provisions of Section 7.7,

then the Managing Members shall forthwith give to the Special Member notice of such event (a "Management Default Notice"), and thereafter the Company shall, subject to any Requisite Approvals, forthwith terminate its management agreement with the Management Agent, unless the approval of the Special Member is obtained to the retention of the Management Agent. Upon any termination, the Managing Members shall immediately proceed to select a qualified Person as the new Management Agent (which, in the event the terminated Management Agent was an Affiliate of a Managing Member, shall be unaffiliated with any Managing Member) as the new Management Agent for the Property, which selection shall be subject to the Consent of the Investor Member and any Requisite Approvals; and, after such selection, no Management Fee shall be payable to any Person which is an Affiliate of a Managing Member unless the management contract with any such Person shall provide for the right of the Company to terminate the same upon the occurrence of any circumstance described in this Article XI. In the event that the Special Member elects to remove the Managing Member pursuant to the provisions of Section 7.7, the Management Agreement shall automatically terminate as of the Removal Notice Date. By its execution hereof, the Management Agent agrees that the provisions of this Section which limit the amount of the Management Fee and provide for the termination of the Management Agent under the circumstances herein described are hereby incorporated into any present or future Management Agreement (which shall be deemed amended hereby to the extent necessary to give effect to such provisions).

Section 11.2 Special Power of Attorney

If an event described in clauses (i) through (vi) of Section 11.1 above occurs and the Managing Member fails to send a Management Default Notice to the Special Member within the ten (10) days of the date the Managing Member became aware of such event, the Special Member hereby is granted an irrevocable power of attorney, coupled with an interest, to take such action, and to execute and deliver such documents on behalf of the Members and the Company, as shall be legally necessary and sufficient to effect the provisions of this Article XI.

ARTICLE XII

BOOKS AND REPORTING, ACCOUNTING, TAX ELECTION, ETC

Section 12.1 Books, Records and Reporting

A. The Managing Members shall keep or cause to be kept a complete and accurate set of books and supporting documentation with respect to the Company's business in accordance with this Article XII. The books of the Company shall be kept on the accrual basis. The books and records of the Company (including all records required to be maintained under the Uniform Act) shall at all times be maintained at the principal office of the Company. Each Member, its duly authorized representatives and any regulatory authority which regulates such Member shall have the right to examine the books of the Company and all other records and information concerning the Company and the Project at reasonable times. The books and records of the Company shall include, without limitation, copies of the following: (i) the Company's federal, state and local income tax or information returns and reports, if any, and all related back-up documentation for ten (10) years from the date of production and (ii) financial statements of the Company for ten (10) years from the date of production.

B. The Managing Member shall comply with all of the requirements set forth in this Section 12.1 and **Exhibit K** and will deliver to the Special Member all of the information requested in this Section 12.1 and on **Exhibit K** within the relevant time frames. If the Managing Member shall fail to deliver (or cause to be delivered) the statements, reports, filings, or other information required under this Section 12.1 or **Exhibit K** to the Special Member by the due, the Managing Member shall pay as damages the sum of $150 per day (plus interest at the Designated Prime Rate plus 3% per annum) to the Special Member until such information is received by the Special Member. Such damages shall be paid forthwith by the Managing Member. In addition, if the Managing Member fails to so pay, the Investor Member may deduct any unpaid damages from any portion of its Capital Contribution not yet paid, or if such Capital Contribution has been fully paid then the Managing Member and its Affiliates shall forthwith cease to be entitled to any Cash Flow or to the payment of any fees which are payable from Cash Flow as provided in Section 10.1A ("Cash Flow Fees"). Such payments of Cash Flow and Cash Flow Fees shall only be restored upon the payment of such damages in full and any amount of such damages not so paid shall be deducted against payments of Cash Flow and Cash Flow Fees otherwise due to the Managing Member or its Affiliates. Any failure to so pay the damages described herein within 60 days of written demand by the Special Member or upon the fourth consecutive failure to deliver the information required under this Section 12.1 in any one Fiscal Year, provided such failures were not the result of the action or inaction of governmental agencies, the Special

Member or third parties beyond the reasonable control of the Managing Member, shall constitute a Material Default for purposes of Section 7.7.

C. In addition to the reports and tax returns described on **Exhibit K,** the Managing Member annually shall deliver a certification from the Managing Member that states as follows: (i) all Capital Accounts have been analyzed for minimum gain and, if applicable, how any potential reallocation of profits, losses and Tax Credits will be addressed, (ii) to the best of the Managing Member's knowledge, no notices of any proceedings have been received by the Managing Member from the IRS pertaining to the Company and, if such notices have been received, then a statement as to the corrective action plan, and (iii) to the best of the Managing Member's knowledge, no material litigation has been filed against the Company and, if such litigation has been filed, a statement detailing the litigation and the potential outcome.

D. If the Managing Members fail to complete such tax returns and submit such Schedules K-1 within the time frames set forth on **Exhibit K**, the Special Member may select a firm of accountants who shall prepare such returns and Forms K-1. The Managing Members shall immediately furnish all necessary documentation and other information to prepare such tax returns and such Schedules K-1 to such accountants.

E. Every Non-Managing Member shall at all times have access to the records of the Company and may inspect and copy any of them. A list of the names and addresses of all of the Non-Managing Members shall be maintained as part of the books and records of the Company and shall be mailed to any Non-Managing Member upon request.

F. The Managing Members shall furnish to the Special Member a radon gas test measurement report and conclusion (a "Radon Report") for each Building upon completion of construction or rehabilitation thereof, unless the Project is located in a county in the lowest risk EPA radon map Zone 3. The Radon Report must come from a radon service professional who (i) meets state-specific requirements, if any, for providing such Radon Reports, and (ii) has a proficiency listing, accreditation or certification in radon test measurement from either (a) The National Environmental Health Association ("NEHA") National Radon Proficiency Program or (b) The National Radon Safety Board ("NRSB"). Alternatively, a Radon Report from an environmental professional who lacks such a proficiency listing, accreditation or certification from NEHA or NRSB may be acceptable if it follows state-specific requirements and EPA recommendations and protocols set forth in the following EPA publications: *Protocols for Radon and Radon Decay Product Measurements in Homes* (EPA 402-R-93-003, June, 1993) and the *Indoor Radon and Radon Decay Product Measurement Device Protocols* (EPA 402-R-92-004, July, 1992), which protocols are summarized at www.airchek.com. If the Radon Report demonstrates that the radon gas level for a Building exceeds the EPA standard for radon action or remediation then in effect, the Managing Members shall install a radon mitigation system or take other recommended mitigation measures and shall provide a follow-up Radon Report to confirm effectiveness.

G. The Managing Members and/or their Affiliates shall (i) report any "reportable transactions" to the Service as required under Section 6111 of the Code ("Reportable Transactions"); (ii) disclose any Reportable Transactions as required by Treasury Regulations 1.6011-4; (iii) promptly report to the Members any Reportable Transactions in which the

Company engages; and (iv) maintain any list of investors in accordance with Section 6112 of the Code to the extent they are required to maintain such lists. The Managing Members shall be responsible for any expenses or penalties, including penalties for understatement of income, solely attributable to the failure of the Managing Members or their Affiliates to satisfy the Reportable Transactions requirements imposed on them.

H. In addition to the foregoing, the Supervisory Management Agent shall prepare a quarterly report describing each of the following: (i) any new agreement, contract or arrangement between the Company and a Managing Member or an Affiliate of a Managing Member, (ii) the amount of all fees and other compensation and distributions and reimbursed expenses paid by the Company for the quarter to any Managing Member or Affiliate of a Managing Member, (iii) the amount of all distributions of Cash Flow and Capital Proceeds made to Members during such fiscal quarter (if any); and (iv) a report of the significant activities of the Company during the fiscal quarter including, without limitation, any material notice received by the Company or the Managing Member of any IRS proceeding involving the Company, any lapse, cancellation, or non-renewal of any insurance policy that insures the Company or its property, and any other material notice (the "Quarterly Status Reports"). Each Quarterly Status Report shall also contain a certification by the Managing Members that neither the Company nor any Managing Member has received any notice or has been cited by or otherwise warned in writing of any Violation (as hereinafter defined) by any Governmental Agency, which Violation could have a materially adverse impact on any of them. For purposes of this certification, a "Violation" shall mean any act or omission complained of which, if uncured, would be in violation of (a) any applicable statute, code, ordinance, rule or regulation, (b) any agreement or instrument to which the Governmental Agency and the Company or a Managing Member is a party or to which the Project is subject, (c) any license or permit, or (d) any judgment, decree or order of a court. Any exceptions to the foregoing shall be described in such certification. In addition, if requested by the Investor Member in writing, within a reasonable time after receipt of such a request, each Managing Member shall send to the Investor Member such recent financial statements (including a balance sheet and statement of income) as shall have been so requested.

Section 12.2 Bank Accounts

Subject to any Requisite Approvals, the bank accounts of the Company shall be maintained at Bank of America, N.A., as its principal bank, for deposits and the maintenance of business, cash management, operating and administrative deposit accounts. Specifically, the Managing Member will establish and maintain a separate operating account for the Company (the "Operating Account"). All Cash Receipts from the Project will be deposited into the Operating Account and all Operating Expenses will be paid out of the Operating Account. All funds of the Company in excess of those necessary to for the short-term operation of the Project will be invested in the name of the Company or the Managing Member, under such terms and conditions (including signatories) as the Investor Member approves in writing. Withdrawals shall be made only in the regular course of Company business on the signature of the Managing Member. All deposits and other funds not needed in the operation of the business shall be deposited, to the extent permitted by the Lender and the Governmental Agency, in interest-bearing accounts or invested in short-term United States Government obligations maturing within one (1) year. Promptly upon the request of the Investor Member, the Managing Member will obtain and deliver to the Investor Member full, complete and accurate statements of the

amounts and status of all Company bank accounts and all withdrawals therefrom and deposits thereto.

Section 12.3 Elections

A. The Managing Member shall cause the Company to make an election to be treated as an "electing real property trade or business" under Section 163(j)(7)(B) of the Code in connection with the filing of the Company's first year tax returns or such earlier time as such election is to be made. Once made, the election will be irrevocable.

B. Unless the Investor Member shall specify a different permissible treatment in writing, and except to the extent otherwise required by Section 168(g)(1)(B) of the Code, the Company shall depreciate its residential rental property, site improvements and personal property costs, respectively, over thirty (30) years, fifteen (15) years and five (5) years for federal income tax purposes and over forty (40) years, twenty (20) years and ten (10) years for financial accounting purposes. Subject to the provisions of Section 12.4, all other elections required or permitted to be made by the Company under the Code shall be made by the Managing Members with the Consent of the Investor Member.

C. The Managing Member will cause the Company to make the election under Section 168(k)(7) of the Code to opt out of "bonus depreciation" that may apply to any personal property and site work costs placed in service.

D. A summary of Company elections is set forth in **Exhibit M**.

Section 12.4 Special Adjustments

Upon request of the Investor Member, the Managing Member will immediately file an election under Section 754 of the Code and the corresponding Treasury Regulations on behalf of the Company to adjust the basis of the Company's assets under Section 734(b) or 743(b) and a corresponding election under the applicable sections of state and local law. In the event of a Transfer of all or any part of any Interest of a Member, the Company shall elect, if requested by the transferee, to adjust the basis of Company assets pursuant to Section 754 of the Code (or corresponding provisions of succeeding law). Notwithstanding anything to the contrary contained in Article X, any such adjustment shall affect only the successor in interest to the transferring Member. Each Member will furnish the Company with all information necessary to give effect to such election.

Section 12.5 Fiscal Year

The Fiscal Year of the Company shall be the calendar year unless a different year is required by the Code.

Section 12.6 Inspections, Cooperation

The Company and Managing Member will permit representatives of the Non-Managing Members and the Construction Inspector to enter upon the Land at reasonable times, upon reasonable notice, to inspect the Improvements and any and all materials to be used in

connection with the rehabilitation of the Improvements, to examine all detailed plans and shop drawings and similar materials as well as all records and books of account maintained by or on behalf of Company and Managing Member relating thereto and to discuss the affairs, finances and accounts pertaining to Non-Managing Members' investment in the Company, the Mortgage Loans, and the Improvements with representatives of the Company and Managing Member. Managing Member will at all times cooperate and take all reasonable steps to cause the Builder and each and every one of its subcontractors and material suppliers to cooperate with the representatives of Non-Managing Members and the Construction Inspector in connection with Non-Managing Members' rights under this Agreement. Except in the event of an emergency, the Non-Managing Members will give Managing Member at least seventy-two hours' notice by telephone in each instance before entering upon the Land and/or exercising any other rights granted in this Section 12.6, provided that if any Person with whom the Non-Managing Member desires to communicate is an Affiliate of the Non-Managing Member, such notice to Managing Member will not be required.

ARTICLE XIII

GENERAL PROVISIONS

Section 13.1 Notices

Except as otherwise specifically provided herein, all notices, demands or other communications hereunder shall be in writing and deemed to have been given when the same are (i) deposited in the United States mail and sent by certified or registered mail, postage prepaid, (ii) deposited with Federal Express or similar overnight delivery service, (iii) transmitted by telecopier or other facsimile transmission, answerback requested, or (iv) delivered personally, in each case to the parties at the addresses set forth below or at such other addresses as such parties may designate by notice to the Company:

If to the Company, at the principal office of the Company set forth in Section 2.2, and if to a Member, at its address set forth in the Schedule, with copies to Holland & Knight LLP, 10 St. James Avenue, Boston, MA 02116, Attention: James E. McDermott, Esq. and SRH Law PLLC, 11 South 12th Street, Suite 403, Richmond, VA 23219, Attention: Saundra R. Hirth, Esq.

Section 13.2 Word Meanings

The words such as "herein," "hereinafter," "hereof," and "hereunder" refer to this Agreement as a whole and not merely to a subdivision in which such words appear unless the context otherwise requires. The singular shall include the plural and the masculine gender shall include the feminine and neuter, and vice versa, unless the context otherwise requires. Any references to "Sections" or "Articles" are to Sections or Articles of this Agreement, unless reference is expressly made to a different document.

Section 13.3 Binding Provisions

The covenants and agreements contained herein shall be binding upon, and inure to the benefit of, the heirs, legal representatives, successors and assignees of the respective parties hereto, except in each case as expressly provided to the contrary in this Agreement. Subject to the preceding sentence, none of the provisions of this Agreement shall be for the benefit of any lender or any other Person who is not a Member.

Section 13.4 Applicable Law

This Agreement shall be construed and enforced in accordance with the internal laws of the State.

Section 13.5 Counterparts

This Agreement may be executed in several counterparts and all so executed shall constitute one agreement binding on all parties hereto, notwithstanding that all the parties have not signed the original or the same counterpart.

Section 13.6 Paragraph Titles

Paragraph titles and any table of contents herein are for descriptive purposes only, and shall not affect the meaning of this Agreement as set forth in the text.

Section 13.7 Separability of Provisions; Rights and Remedies

A. Each provision of this Agreement shall be considered separable and (i) if for any reason any provisions herein are determined to be invalid and contrary to any existing or future law, such invalidity shall not impair the operation of or affect those portions of this Agreement which are valid, or (ii) if for any reason any provisions herein would cause the Non-Managing Members to be bound by the obligations of the Company under the laws of the State as the same may now or hereafter exist, such provisions shall be deemed void and of no effect.

B. Each of the parties hereto irrevocably waives during the term of the Company (including any periods during which the business of the Company is required to be continued under Article VII) any right (i) that such party may have to maintain any action for partition with respect to the property of the Company, and (ii) to commence an action seeking dissolution of the Company (unless the Consent of the Investor Member has been obtained).

C. The rights and remedies of any of the parties hereunder shall not be mutually exclusive, and the exercise of one or more of the provisions hereof shall not preclude the exercise of any other provisions hereof. Each of the parties confirms that damages at law may be an inadequate remedy for breach or threat of breach of any provisions hereof. The respective rights and obligations hereunder shall be enforceable by specific performance, injunction, or other equitable remedy, but nothing herein contained is intended to limit or affect any rights at law or by statute or otherwise of any party aggrieved as against the other parties for a breach or threat of breach of any provision hereof, it being the intention that the respective rights and obligations of the Members shall be enforceable in equity as well as at law or otherwise.

D. Each Member and each Guarantor irrevocably:

(i) agrees that any suit, action or other legal proceeding arising out of this Agreement, any of the Related Agreements or any of the transactions contemplated hereby or thereby shall be brought in the courts of record of Albemarle County of the Commonwealth of Virginia or the courts of the United States located in the Western District of Virginia;

(ii) consents to the jurisdiction of each such court in any such suit, action or proceeding;

(iii) waives any objection which he may have to the laying of venue of any such suit, action or proceeding in any of such courts; and

(iv) waives its right to a jury trial with respect to any suit, action or other legal proceeding arising out of this Agreement, any of the Related Agreements or any of the transactions contemplated hereby or thereby.

Section 13.8 Effective Date of Admission

Any Member admitted to the Company during any calendar month shall be deemed to have been admitted as of the first day of such calendar month for all purposes of this Agreement including the allocation of profits, losses and credits under Article X; *provided*, *however*, that if regulations are issued by the Service or an amendment to the Code is adopted which would require, in the opinion of the Accountants, that a Member be deemed admitted on a date other than as of the first day of such month, then the Managing Members shall select a permitted admission date which is most favorable to the Member.

Section 13.9 Delivery of Certificate

Promptly upon the filing of the Certificate and each amendment thereto in the appropriate filing office, the Managing Members shall deliver or mail a copy thereof to each Non-Managing Member.

Section 13.10 Additional Information

At the request of the Investor Member, the Managing Members shall furnish to the Investor Member: (i) Plans and Specifications for the Project; (ii) manuals, booklets and other documents describing the location and operation of all systems within the Project, including without limitation heating, air conditioning, elevator, electrical and plumbing systems; (iii) a list and copies of all agreements concerning the maintenance, operation and management of the Project; and (iv) such other information regarding the Company, the Project or the Related Agreements as the Investor Member may reasonably request.

Section 13.11 Further Documents and Actions

The Members agree that they shall, from time to time, execute and deliver such further documents and do such further actions and things as may be reasonably requested by any other

such party in order to effect fully the purposes of this Agreement and each other agreement or instrument identified on the Document Schedule.

Section 13.12 Brokers or Finders

The parties hereto agree that no broker or finder has any claim for commissions or fees in connection with the transaction embodied herein. The Managing Members shall jointly and severally indemnify the Non-Managing Members against any brokers' or finders' fees or commissions claimed through the Managing Members or their Affiliates in connection with the transactions contemplated hereby, including without limitation fees or commissions claimed by any syndicator or consultant engaged by the Managing Members or any of their Affiliates. Fees payable to Bank of America, N.A. are not covered hereby.

Section 13.13 Amendment

This Agreement may only be amended in writing signed by the Managing Member, the Investor Member and the Special Member. All parties agree that no oral agreements or course of conduct of the parties shall be deemed to be an amendment to this Agreement unless in writing signed as described above.

Section 13.14 Publicity Rights

At the Investor Member's request, but at the expense of the Company, the Managing Member will place a sign at a location on the Property satisfactory to the Investor Member, which sign will recite, among other things, that Bank of America, N.A. is the investor member in the Company. The Managing Member expressly authorizes the Investor Member to prepare and to furnish to the news media for publication from time to time news releases with respect to the Property, specifically to include releases detailing Bank of America, N.A.'s involvement with the Property. Bank of America, N.A. may feature the Project in a series of marketing materials that may be distributed both inside and outside of Bank of America, N.A. These materials may include the names of the Managing Member, the Developer, the Guarantor, or the Project sponsor, a description of the Property type, its features, and its impact on the community, the size of the Project, in terms of both the units produced and the development costs, the Bank of America, N.A. products/services utilized in undertaking the Project (including amounts), and pictures and renderings of the Project. The Managing Member and its Affiliates irrevocably grant to the Investor Member and its Affiliates the right to use, publish, produce, copyright, and to distribute to the public from time to time, in various forms of promotional materials, any information obtained by the Investor Member concerning the Managing Member (excluding, however, financial information regarding the Managing Member, the Guarantor, and Project sponsor, or other information of a sensitive nature that reasonable parties would agree is not suitable for public distribution), its name, projects financed in whole or in part by Bank of America, N.A., and any financial relationships or transactions entered into between the Managing Member and Bank of America, N.A. or its Affiliates, specifically including photographs or images of the Project, whether or not such information, photographs or images are provided by or on behalf of the Managing Member. The Managing Member hereby releases any and all interest it may now or hereafter have in such promotional materials and any information, photographs or images used in connection therewith.

ARTICLE XIV

ANTI-BRIBERY/ANTI-CORRUPTION

Section 14.1 Anti-Bribery/Anti-Corruption Representations and Warranties.

A. The Managing Member is aware of the U.S. Foreign Corrupt Practices Act of 1977, as amended ("FCPA"), and any other relevant regulations, and understands its relevance in the transaction to Bank of America, N.A. Bank of America, N.A. is committed to strict compliance to all requirements both in the letter and spirit of all relevant laws. Managing Member therefore makes the following representations and warranties in connection with the transaction or activity:

B. Familiarity and compliance with Bribery & Corruption prohibitions. The Managing Member represents and warrants that it is familiar with the FCPA and/or other relevant bribery and/or corruption laws or regulations and its purposes, including its prohibition against taking corrupt or improper actions in furtherance of an offer, payment, promise to pay or authorization of the payment of anything of value, including but not limited to cash, checks, wire transfers, tangible and intangible gifts, favors, services, and those entertainment, travel expenses or any other financial advantage that goes beyond what is legal, reasonable and customary and of modest value, to:

(i) an executive, official, employee or agent of a governmental department, agency or instrumentality;
(ii) a director, officer, employee or agent of a wholly or partially government-owned or government-controlled entity;
(iii) a political party or official thereof, or candidate for political office;
(iv) an executive, official, employee or agent of a public international organization (e.g., the International Monetary Fund or the World Bank); or
(v) any other person, entity or party,

while knowing or having a reasonable belief that all or some portion of the financial or other advantage will be used for the purpose of:

(a) influencing any act, decision or failure to act by a person in his or her private or official capacity;
(b) inducing a person to use his or her influence or instrumentality to affect any act or decision; or
(c) offering, requesting or securing an improper or illegal advantage; in order to obtain, retain, direct business or any other advantage.

C. Subsequently identified bribery and corruption laws or regulatory concerns. The parties will meet promptly, as appropriate, in light of a potential bribery or corruption concern being identified, discovered, or disclosed as the result of an ongoing or pending investigation conducted by federal, state or municipal authorities. If, after consultation by all parties to the transaction, any such bribery or corruption concern cannot be resolved in the good faith and

reasonable judgment of Bank of America, N.A., then Bank of America, N.A., on written notice to the Managing Member, may withdraw from or terminate this agreement without penalty.

D. Non Government Employees. The Managing Member represents that none of its officers, directors, senior managers, partners, owners, or principals are Government Employees.

Under Bank of America, N.A. policy, a Government Employee includes:

- Any officers and employees, regardless of rank, of a branch of government, whether national, state, provincial or local/municipal;
- Governmental departments, ministries and agencies;
- Judiciary;
- Public Hospitals;
- Central Bank officials and employees;
- Pension funds or systems;
- Sovereign Wealth Funds and employees;
- Customs Officials;
- Officers and employees of a wholly or partially Government-owned or Government–controlled entity;
- Officers and employees of a public international organization;
- Officers and employees of Self-Regulatory Organizations (SROs);
- Political parties and their officers or employees;
- Individuals acting in an official capacity or on behalf of any government or public international organization (e.g., an official advisor to the government);
- Candidates for political office and the official campaign staff of such candidates;
- Members of a ruling monarchical or royal family;
- Close family members or close associates (e.g. key advisors) of Government Employees as defined above.

The Managing Member agrees that if any of its officers, directors, senior managers, partners, owners, or principals becomes a Government Employee (prior to the completion of this transaction or during the relationship), then the Managing Member will promptly notify Bank of America, N.A. in writing. On receipt of a written notice, the Parties will consult together to address possible issues of compliance with the FCPA and or other relevant bribery and corruption laws and regulations and determine whether those issues can be satisfactorily resolved. If, after consultation, any such issues cannot be resolved in the good faith and reasonable judgment of Bank of America, N.A., then Bank of America, N.A., on written notice to the Managing Member, may withdraw from or terminate this agreement without penalty.

E. Previous or pending violations. The Managing Member warrants that it has not breached any local bribery and corruption requirements, unless these have been fully disclosed to the Bank, and that it has no reason to suspect any investigation is (or is about) to take place by any regulator or law enforcement authority in relation to its (or its officers, agents or otherwise) activities in any jurisdiction in relation to bribery and or corruption violations unless these have been fully disclosed to the Bank.

F. Role of Government Employee. The Managing Member represents and warrants that no Government Employee who is an officer, director, senior manager, partner, owner, principal or investor of the Managing Member has been involved on behalf of a Government in decisions as to whether the Managing Member or Bank of America, N.A. would be awarded business or that otherwise could benefit the Managing Member or Bank of America, N.A., or in the appointment, promotion, or compensation of persons who will make such decisions. The Managing Member further represents and warrants that no such Government Employee will use their Government positions to influence acts or decisions of a Government for the benefit of the Managing Member or Bank of America, N.A. or any other linked person(s). Managing Member further represents and warrants that such Government Employees will not meet or communicate with Government Employees on behalf of the Managing Member or Bank of America, N.A. without advising the Managing Member in writing in advance of such meeting or communication, and the Managing Member will promptly provide such writing to Bank of America, N.A.

ARTICLE XV

AUTHORITY PROVISION

A. Notwithstanding any other provision of this Agreement, this limited liability company and the members shall be subject to regulation and supervision by the Authority in accordance with the Virginia Housing Development Authority Act, the Rules and Regulations of the Authority, and the Regulatory Agreement executed or to be executed by and between this limited liability company and the Authority and shall be further subject to the exercise by the Authority of the rights and powers conferred on the Authority thereby. Notwithstanding any other provision of this Agreement, the Authority 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 the Authority. As used in this Article XV, "Authority" means the Virginia Housing and Development Authority.

[REMAINDER OF PAGE INTENTIONALLY LEFT BLANK]

IN WITNESS WHEREOF, the parties have caused this Agreement to be duly executed under seal as of the day and year first above written.

MANAGING MEMBER:

CV II MANAGING MEMBER, LLC, a Virginia limited liability company

By: _____
Richard W. Gregory, Authorized Signatory

MANAGEMENT AGENT:
(Pursuant to Section 11.1)

COMMUNITY HOUSING PARTNERS, a Virginia partnership

By: _____
Dianna Mastrioanni, Vice President of Property Management

DEVELOPER:
(For Purposes of Section 7.7)

LYNX VENTURES, INC., a Virginia limited corporation

By: _____
Richard W. Gregory, Authorized Signatory

IN WITNESS WHEREOF, the parties have caused this Agreement to be duly executed under seal as of the day and year first above written.

MANAGING MEMBER:

CV II MANAGING MEMBER, LLC, a Virginia limited liability company

By: _____
Richard W. Gregory, Authorized Signatory

MANAGEMENT AGENT:
(Pursuant to Section 11.1)

COMMUNITY HOUSING PARTNERS, a Virginia partnership

By: Dianna Mastrioanni
Dianna Mastrioanni, Vice President of Property Management

DEVELOPER:
(For Purposes of Section 7.7)

LYNX VENTURES, INC., a Virginia limited corporation

By: _____
Richard W. Gregory, Authorized Signatory

INVESTOR MEMBER:

BANK OF AMERICA, N.A., a national banking association

By: _____
Thomas F. Barry, Senior Vice President

SPECIAL MEMBER:

BANC OF AMERICA CDC SPECIAL HOLDING COMPANY, INC., a North Carolina corporation

By: _____
Thomas F. Barry, Senior Vice President

Exhibit A

CARLTON VIEWS II, LLC

SCHEDULE OF MEMBERS

As of August 8, 2019

Name and Business Address	Capital Contributions	Percentage of Company Interests for Class
MANAGING MEMBERS:		
CV II Managing Member, LLC c/o Lynx Ventures, Inc. 7 East Second Street Richmond, VA 23224 804.929.5435 (Telephone No.)	$100	100%
INVESTOR MEMBER:		
Bank of America, N.A. MA1-225-02-02 225 Franklin Street Boston, MA 02110 Attention: Asset Manager for Carlton Views II **TBD PHONE AND FAX**	$6,118,147*	100%
SPECIAL MEMBER:		
Banc of America CDC Special Holding Company, Inc. MA1-225-02-02 225 Franklin Street Boston, MA 02110 Attention: Asset Manager for Carlton Views II **TBD PHONE AND FAX**	$0	100%

* Payable in accordance with Article V and includes the Expense Reimbursement Contribution.

Form **8609** (Rev. May 2018)
Department of the Treasury
Internal Revenue Service

Low-Income Housing Credit Allocation and Certification

▶ Go to *www.irs.gov/Form8609* for instructions and the latest information.

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)
915 East 4th Street
Richmond, VA 23224

B Name and address of **housing credit agency**
Virginia Housing Development Authority
601 S. Belvidere Street
Richmond, VA 23220

C Name, address, and TIN of **building owner** receiving allocation
New Manchester Flats V-4, LLC
7 East 2nd Street
Richmond, VA 23224
TIN ▶ 82-2183041

D Employer identification number of agency
54-0921892

E Building identification number (BIN)
VA1848001

1a	Date of allocation ▶ _____ b Maximum housing credit dollar amount allowable	1b	$575,283
2	Maximum applicable credit percentage allowable (see instructions)	2	3.08 %
3a	Maximum qualified basis	3a	$18,678,019
b	Check here ▶ ☒ if the eligible basis used in the computation of line 3a was increased under the high-cost area provisions of section 42(d)(5)(B). Enter the percentage to which the eligible basis was increased (see instructions)	3b	130 %
4	Percentage of the aggregate basis financed by tax-exempt bonds. (If zero, enter -0-.)	4	60.79 %
5	Date building placed in service ▶ 11/20/2020		

6 Check the boxes that describe the allocation for the building (check those that apply):

a ☒ Newly constructed and federally subsidized b ☐ Newly constructed and **not** federally subsidized c ☐ Existing building
d ☐ Sec. 42(e) rehabilitation expenditures federally subsidized e ☐ Sec. 42(e) rehabilitation expenditures **not** federally subsidized
f ☐ 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	Name (please type or print)	Date
John D. Bondurant	John D. Bondurant, Authorized Officer	9.28.21

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	18,678,019
8a	Original qualified basis of the building at close of first year of credit period	8a	18,678,019
b	Are you treating this building as part of a multiple building project for purposes of section 42 (see instructions)?		☐ Yes ☒ No
9a	If box 6a or box 6d is checked, do you elect to reduce eligible basis under section 42(i)(2)(B)?		☐ Yes ☒ 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)? ▶		☐ Yes ☒ 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)) ▶ ☒ Yes ☐ No
b Elect **not** to treat large partnership as taxpayer (section 42(j)(5)) ▶ ☐ Yes
c Elect minimum set-aside requirement (section 42(g)) (see instructions):
☐ 20-50 ☐ 40-60 ☒ Average income ☐ 25-60 (N.Y.C. only)
d Elect deep rent skewed project (section 142(d)(4)(B)) (see instructions) ☐ 15-40

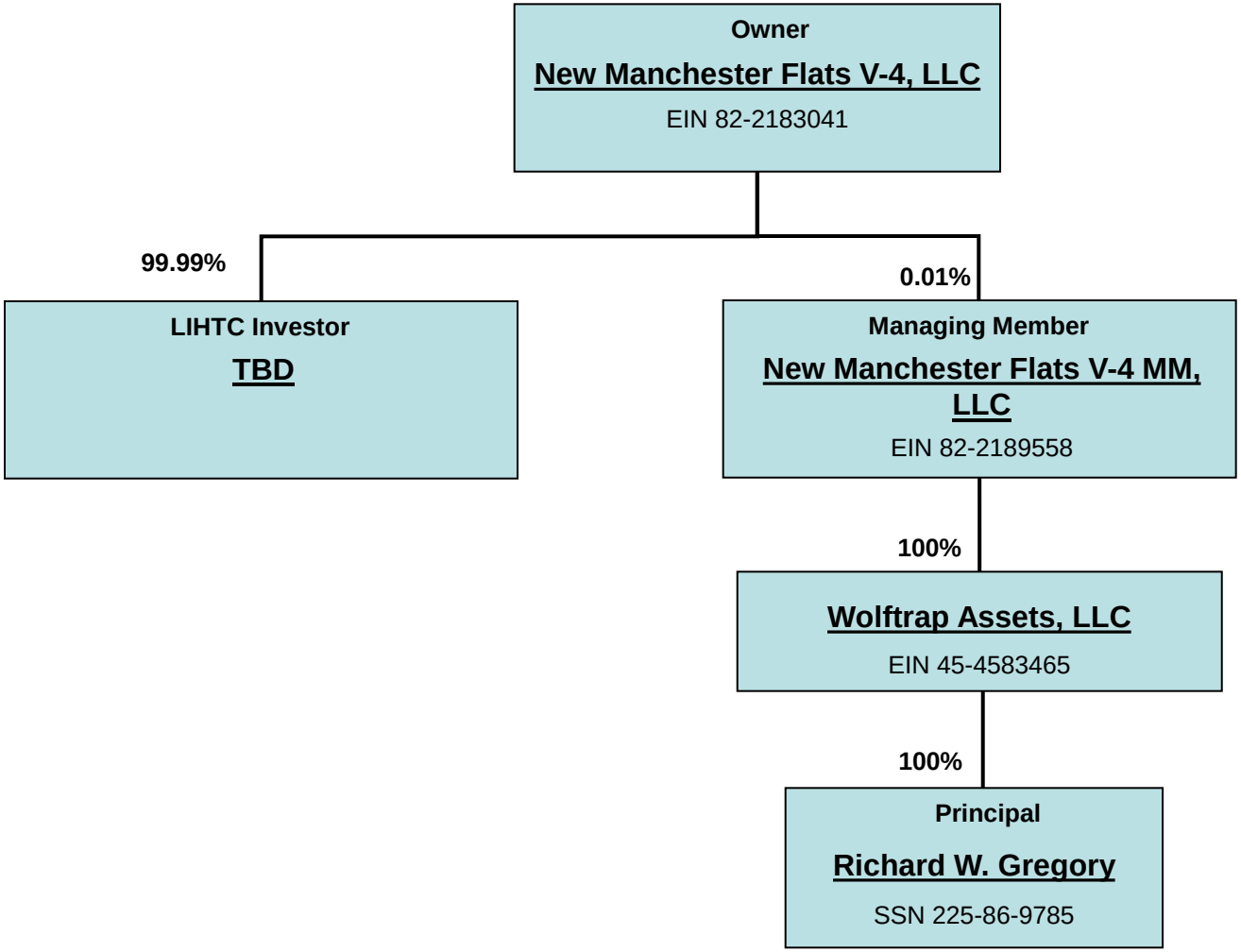
Under penalties of perjury, I declare that I have examined this form and accompanying attachments, and to the best of my knowledge and belief, they are true, correct, and complete.

Signature	Taxpayer identification number	Date
John Gregory	82-2183041	12/13/2021
Name (please type or print)	First year of the credit period	
	2021	

NEW MANCHESTER FLATS V-4, LLC

Anticipated Organizational Structure at Closing

Draft - 9/6/2018



NEW MANCHESTER FLATS V-4, LLC,
A VIRGINIA LIMITED LIABILITY COMPANY

FIRST AMENDED AND RESTATED OPERATING AGREEMENT

As of June 28, 2019

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

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NEW MANCHESTER FLATS V-4, LLC
A VIRGINIA LIMITED LIABILITY COMPANY

FIRST AMENDED AND RESTATED OPERATING AGREEMENT

THIS FIRST AMENDED AND RESTATED OPERATING AGREEMENT is made and entered into as of June 28, 2019, by and between **NEW MANCHESTER FLATS V-4 MM, LLC**, a Virginia limited liability (the "Managing Member"), and **TB NMF AFFORDABLE HOUSING, LLC**, a limited liability company formed under the laws of the Commonwealth of Virginia (the "Investor Member").

WHEREAS, the Managing Member, as managing member, filed Articles of Organization (the "Articles of Organization") for the formation of NEW MANCHESTER FLATS V-4, LLC (the "Company") pursuant to the terms of the Revised Uniform Limited Liability Company Act of the Commonwealth of Virginia (the "Act"), which Articles of Organization was subsequently filed with the State Corporation Commissioner of the Commonwealth of Virginia (the "State of Formation") on July 17, 2017;

WHEREAS, the Managing Member previously executed that certain Declaration of Operation July 24, 2017 (the "Original Agreement");

WHEREAS, the Managing Member and the Investor Member wish to admit Investor Member as a Member of the Company and 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, equip, own, maintain and operate a one building, 104-unit apartment community located on approximately 1.429 acres of land located within the Condominium Unit (as defined below), the legal description of which is set forth in **Exhibit C**) (the "**Land**"), and all ancillary and appurtenant facilities and all furnishings, equipment, and personal property used in connection with the operation thereof, to be known as New Manchester Flats V-4 (the "**Project**");

WHEREAS, the parties hereto now desire to enter into this First Amended and Restated Operating Agreement to (i) admit the Investor Member as a Member of the Company, (ii) continue the Company under the Act and (iii) set forth all of the provisions governing the Company;

NOW, THEREFORE, in consideration of the foregoing, of mutual promises of the parties hereto and of other good and valuable consideration, the receipt and sufficiency of which hereby are acknowledged, the parties hereby agree to continue the Company pursuant to the Act, as set forth in this First 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 MANCHESTER FLATS V-4, LLC.

1.03 Principal Place of Business. The principal place of business of the Company shall be 7 East Second Street, Richmond, Virginia 23224. 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 Richard W. Gregory, who is a resident of Virginia, and whose address is 7 East Second Street, Richmond, Virginia 23224 in the City of Richmond.

1.05 Admission of the Investor Member. Investor Member is hereby admitted as a Member of the Company.

1.06 Term. The term of the Company commenced as of the date of the filing of the Articles of Organization with the State Corporation of the Commonwealth of Virginia, and shall continue until in perpetuity, unless the Company is sooner dissolved in accordance with the provisions of this Agreement.

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 CohnReznick LLP 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. CohnReznick LLP (or other independent accountants approved by the Investor Member) shall review and execute all tax returns for the Company.

"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 Managing Member and Richard W. Gregory.

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

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

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

"Architect" means Walter Parks Architect, PLLC.

"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 organize and maintain the Company as a limited liability company under the laws of the State of Formation, to effect the admission, withdrawal or substitution of any Member of the Company, or to protect the limited liability of the Investor Member 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.

"Average Income Set-Aside Test" means the as defined in Section 42(g)(1)(C) of the Code whereby forty percent (40%) or more (twenty percent (25%) or more in the case of a project described in section 142(d)(6) of the Code) of the residential units in a project are both rent-restricted and occupied by individuals whose income does not exceed the imputed income limitation designated by the taxpayer with respect to the respective unit.

"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 90 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.

"Bonds" means the Virginia Housing Development Authority, Rental Housing Bonds, issued by the Issuer in the aggregate original principal amount of **Ten Million Ten Thousand and 00/100 Dollars ($10,010,000.00)**.

"Bridge Loan" means the loan extended by TowneBank to the Company in the original principal amount of **One Million Six Hundred Thousand and 00/100 Dollars ($1,600,000)**.

"Bridge Loan Documents" means the documents evidencing and/or securing the Bridge Loan

"Bylaws" means the Bylaws of the Condominium Owner's Association.

"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.

"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 a 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 5.0l(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 MANCHESTER FLATS V-4, LLC, a Virginia limited liability company.

"Company Representative" has the meaning set forth in Section 11.08 of this Agreement.

"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).

"Condominium" means the New Manchester Flats Condominium established by a Declaration and Bylaws, and Exhibits attached thereto, recorded on August 5, 2008, in the Office of the Clerk of the Circuit Court of the City of Richmond, Virginia (the "Clerk's Office"), as Instrument Number 08-21172, as amended and restated by that certain Amended and Restated Declaration of New Manchester Flats, A Condominium recorded on November 7, 2008, in the Clerk's Office as Instrument Number 08-28841, as further amended by that certain First Amendment to Amended and Restated Declaration recorded in the Clerk's Office on March 4, 2009 as Instrument Number 09-4254, as amended and restated by that certain Second Amended and Restated Declaration of New Manchester Flats, A Condominium recorded December 13, 2018 in the Clerk's Office as Instrument Number 18-25307, as amended and restated by that certain Third Amended and Restated Declaration of New Manchester Flats, a Condominium recorded or to be recorded in the Clerk's Office.

"Condominium Documents" means the Declaration, the Bylaws, and all regulations governing the Condominium.

"Condominium Unit" means the Land Unit as more particularly described in the Declaration.

"Condominium Owner's Association" means New Manchester Flats Condominium Unit Owners' Association, Inc., a Virginia corporation.

"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 Virginia Housing Development Authority Construction Contract dated April 23, 2019, as amended to reflect the merger of Capstone Contracting Company

(the original contractor party to such contract) into Hourigan Construction Corp. (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 the VHDA identified as the Construction Loan on **Exhibit F** hereto.

"Construction Supervisory Agreement" means the Construction Supervision Agreement dated May 1, 2019 made by and between the Company and Skyrise Construction, LLC.

"Contractor" means Hourigan Construction Corp., 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 McGlothlin Legal PLLC, 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, such as the MM Loans to be paid solely from available Net Cash Flow and the Seller Loan).

"Declaration" means that certain Third Amended and Restated Declaration of New Manchester Flats, a Condominium, recorded or to be recorded in the Clerk's Office of the Circuit Court of the City of Richmond, Virginia.

"Deferred Development Fee" has the meaning set forth for such term in Section 8.12 of this Agreement.

"Designated Individual" means the person appointed by the Partnership Representative to be the "designated individual" with the sole authority to bind the Partnership Representative pursuant to the Code and Treasury Regulations.

"Developer" means WTA Development, Inc., a Virginia corporation.

"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 Condominium Unit (and any improvements thereon) and the development or rehabilitation of the Project, including payment of the Development Fee (other than the Deferred 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 Stabilization, 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 such 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 Stabilization and the achievement of 100% physical and economic occupancy during the three-month period while Stabilization is 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.

"Eligible Basis" has the meaning set forth in Section 42(d) of the Code and the Regulations thereunder.

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

"Environmental Report" collectively means (i) that certain Phase I Environmental Site Assessment Phase I dated November 29, 2017 prepared by Froehling Roberts, Inc. (Project #54V-0223), and (ii) Limited Soil Gas Sampling Report prepared by Froehling Roberts, Inc. dated January 7, 2019 (Project # 54W-0224) and (iii) Geotechnical Engineering Study prepared by Atlantic Geotechnical Services dated November 8, 2018.

"Excess Development Costs" means all Development Costs and amounts required to pay the Bridge Loan in full to the extent not paid from Project Loans and the Investor Member's Capital Contributions, in excess of the proceeds of the Project Loans and all Capital Contributions that 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 to be executed by the Company and delivered to the Agency at or subsequent to the Initial Closing, setting forth certain terms and conditions under which the Project is to be operated.

"Final Closing" means the occurrence of all of the following: (i) Substantial Completion, (ii) approval by the Project Lender, if any, of the Company's certification of actual costs as to the development and construction of the Project, (iii) disbursement by all Project Lenders of any and all previously undisbursed Project Loan proceeds including the funding of conversion of the Construction Loan to 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).

"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).

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

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

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

"Initial Closing" means the date upon which the Construction Loan is closed and the initial disbursement is made thereunder.

"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, TB NMF AFFORDABLE HOUSING, LLC, a Virginia limited liability company.

"Investor Member's Due Diligence Costs" has the meaning set forth in Section 5.01(f).

"Investor Services Fee" means the annual fee payable by the Company to the Investor Member, commencing in the first year LIHTCs are allocated to the Investor Member, pursuant to the Investor Services Fee Agreement.

"Investor Services Fee Agreement" means the Investor Services Fee Agreement between the Company and the Investor Member providing for the payment of the Investor Services Fee, the form of which is attached hereto as **Exhibit J**.

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

"Issuer" means the VHDA.

"Land" has the meaning set forth for such term in the Recitals.

"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 NEW MANCHESTER FLATS V-4 MM, 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, or 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 Average Income Set-Aside Test as defined in Section 42(g)(1)(C) of the Code.

"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, creating a lien on the Project and securing a Project Loan.

"Mortgage Note" means any note evidencing a Project Loan to be given by the Company payable to the order of any Project Lender as maker of 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 (excluding the Incentive Management Fee, and the Investor Services Fee), (y) all payments on account of any loans made to the Company (whether such loan is made by a Member or otherwise), but not including any amounts to be paid pursuant to the Development Agreement or pursuant to any loans made by any Members where repayment of such loans is to be made out of Net Cash Flow (including, but not limited to payments under the Seller Note), 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).

"Partnership Representative" has the meaning set forth in Section 11.08 of this Agreement.

"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 loan set forth on **Exhibit F** hereto and described as permanent loan.

"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.

"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" has the meaning set forth for such term in the Recitals.

"Project Documents" means and includes the Construction Contract, the Mortgage(s), Note(s), Loan Agreement(s), the Bridge Loan Documents, the Investor Services Fee Agreement, the Development Agreement, Regulatory Agreement, Construction Supervisory Agreement, Extended Use Agreement, the Seller Loan Documents, 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(s)" means any lender(s) 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).

"Seller" means Managing Member.

"Seller Loan" means the Seller Loan set forth on **Exhibit F** hereto.

"Seller Note" means that certain Promissory Note dated June 28, 2019 made by the Company to Seller, evidencing that the Seller Loan.

"Seller Deed of Trust" means the deed of trust securing the obligations of the Company under the Seller Loan.

"Seller Loan Documents" means the Seller Note and the Seller Deed of Trust.

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

"Stabilization" means, for a period of three (3) consecutive months (which period commences no more than three months prior to the month in which the Final Closing occurs), the achievement of (a) initial occupancy by Qualified Tenants in **100%** of the units in the Project and (b) monthly Debt Service Coverage Ratio of 1.15: 1 or greater. Evidence of Stabilization shall be subject to the review and reasonable approval by the Investor Member to confirm that the calculations conform to the requirements herein.

"State Designation" means, with respect to the Project, the written determinations required to be received from the Agency under Sections 42(m)(1)(D) and (m)(2)(D) of the Code.

"Substantial Completion" means the date that the Company receives all necessary permanent certificate(s) of occupancy 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. In the event the applicable governmental jurisdictions or authorities issue certificates of occupancy which contain conditions or qualifications, "Substantial Completion" shall not be deemed to have occurred unless such certificates or permit occupancy of all of the dwelling units in the Project; and the work remaining to be done is of a nature that would not impair the permanent occupancy of any of the dwelling units of the Project on a full paying basis.

"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 Old Republic National Title Insurance 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.

"Upward Capital Adjustment" has the meaning set forth in Section 5.01(e)(i).

"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.

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 Condominium Unit and enter into the Seller Loan Documents;

(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 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. As of the date hereof, 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 (or will be obtained timely at the state of construction of the Project), 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 Project 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 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 (other than the Seller Lon which shall be recourse to the Company) 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.

(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 completion letter of credit in an amount and in a form, and from an issuer satisfactory to the VHDA 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 VHDA 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 VHDA and the Investor Member. The foregoing may be satisfied by satisfaction of the VHDA's completion letter of credit requirements, which the Investor Member acknowledges and agrees that it has reviewed and approved.

(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 Limited Liability Company; Power of Authority. The Company is and will continue to be a valid limited liability company, duly organized under the laws of the Commonwealth of Virginia, and shall have and shall continue to have full power and authority to acquire the Condominium Unit 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 Member 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 **$442,099** for **2021**, **$602,994** for each year **2022** through **2030**, and **$160,895** for **2031** 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. By no later than Initial Closing, the Company will receive a valid State Designation with respect to the Project in the amount of not less than **$608,700** for the Project's ten-year Credit Period.

(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 "Average Income Set-Aside Test" as defined in Section 42(g)(1)(C) of the Code, and the "Rent Restriction" test as defined in Section 42(g)(2) of the Code. The Project is not subject to any other rental restrictions under the Project Documents except as set forth in the Regulatory Agreement.

(t) Term of Extended Use Agreement. The term of the Extended Use Agreement will not exceed **40** 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 **40-year** term in accordance with Code Section 42(h)(6)(E)(i)(II).

(u) Ownership of Managing Member. Wolftrap Assets, LLC, a Virginia limited liability company ("**Woltftrap**"), owns and shall continue to own at all times during the term of the Company **one hundred percent (100%)** of all classes of interests of the Managing Member. **Richard W. Gregory** owns, and shall continue to own at all times during the term of the Company, **one hundred percent (100%)** of all classes of interests of Wolftrap. The membership interests in Managing Member and/or the membership interests in Wolftrap may be transferred for estate planning purposes where such transfers are made to immediate family members (spouses, children, grandchildren and siblings) or family trusts wherein Richard W. Gregory is a beneficiary or trustee, provided that in the event of any such transfer, (a) written notice shall be given to the Investor Member accompanied by membership transfer documents, (b) Richard W. Gregory and/or John R. Gregory, II remains the manager of the Managing Member and Wolftrap and exercise(s) day-to-day control over the actions and management of Managing Member and Wolftrap and (c) following such transfer Richard W. Gregory maintains 51% or more of the membership interest in the Managing Member (which shall include a beneficial interest in Managing Member taking into consideration his interest in Wolftrap) and 51% or more of the membership interest in Wolftrap. Further, upon the death of Richard W. Gregory, the transfer of his estate pursuant to the laws of intestate succession or to his beneficiaries pursuant to his last will and testament duly admitted to probate shall not be deemed a transfer in violation of the provisions of this Subsection provided, that such (a) transfer will only effect a transfer of the economic rights associated with the transferred interest in Wolftrap or Managing Member and (b) the transferee will not be admitted as a member of the Managing Member or Wolftrap and it will not succeed to or possess any management or approval rights with respect to its interest in Wolftrap or Managing Member unless (with respect to the immediately

preceding clause (b)) the Investor Member Consents to such admission and management or approval rights, which Consent may be conditioned upon (i) an additional individual guarantor as an Affialte Guarantor acceptable to Investor Member and (ii) John R. Gregory, II being the manager of the Managing Member and Wolftrap and exercising day-to-day control over the actions and management of Managing Member and Wolftrap).

(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) Condominium. The Condominium is a validly created condominium pursuant to and in accordance with the requirements of the Virginia Condominium Act, Virginia. Code Section 55-79.39, et seq. The execution and recordation of the Condominium Documents do not require any governmental licenses, permits or approvals and are permitted by all title exception documents encumbering the Project and all unit owners and lenders and investors of unit owners except those that have been obtained. The Company owns marketable title to the Condominium Unit. No costs attributable to improvements located outside the Condominium Unit are or will be included in the calculation of Eligible Basis of the Project.

(x) Taxpayer Certifications. On behalf of the Company, the Managing Member will cause to be filed any and all certifications and other documents on a timely basis with the IRS, the Agency and all other Authorities, as have been and may be required to support the full amount of Projected Credits.

(y) Taxation and Limited Liability. No event has occurred that has caused, and the Managing Member will not act in any manner that will cause (i) the Company to be treated for federal income tax purposes as an "association" taxable as a corporation, rather than as a partnership; or (ii) the Investor Member to be liable for the Company's obligations in excess of its Capital Contributions.

(z) 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 or is controlled by a tax exempt entity, such entity will make the election permitted under Section 168(h)(6)(F) of the Code. The Managing Member shall not allow the Company to enter into any lease with a tax-exempt entity without the prior written approval of the Investor Member.

(aa) 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.

(ab) 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.

(ac) 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.

(ad) Governmental Actions. To the best of the Managing Member's knowledge, there is no official action of any Authority, pending or threatened, which in any way would (i) have a material adverse effect on the Company, the 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.

(ae) Moratoria; Assignments; Dedications. There is no (a) reassessment (except for real estate property taxes), or (b) to the best of Managing Member's knowledge, 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.

(af) 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 shall use commercially reasonable efforts to 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.

(ag) No Defective Soils Conditions. To the best of the Managing Member's knowledge, 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 except those which are described in the Environmental Report. The soil condition of the Land is such that it will support all of the improvements to be located thereon for its foreseeable life, without the need for unusual or new subsurface excavations, fill, footings, caissons or other installations. The improvements on the Land, as built, will be or are constructed in a manner compatible with the soil condition at the time of construction and all necessary excavations, fills, footings, caissons and other installations were then, have since been and will be provided.

(ah) Rights of First Refusal; Options. Except as contemplated by the Purchase Option set forth in **Exhibit K** 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.

(ai) 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.

(aj) 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.

(ak) 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.

(al) Intentionally Deleted.

(am) Member Loans. No Member or any Affiliate of a Member shall make or purchase a loan to the Company (except MM Loans, the Seller Loan, the Completion Loan, Operating Deficit Loan Guarantor, the LIHTC Compliance Loan and other loans expressly permitted

in this Agreement) 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.

(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 6707A(c) or Treasury Regulation Section 1.6011-4 in which the Company shall engage or which it reports under Code Section 6111, and (B) maintain investor lists with respect to the Company as required under Code Section 6112. 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 no 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) 130% Basis Increase. The Project is located in an area designated as a "qualified census tract" or "difficult development area" by the United States Department of Housing and Urban Development for the purposes of computing the "Eligible Basis" of the Project pursuant to Section 42 of the Code.

(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) Tax Exempt Bond Financing. The Managing Member will not take, or permit to be taken on its behalf, any action that would cause the interest payable on the Bonds to be included in gross income for federal income tax purposes, and will take such action as may be necessary in the opinion of bond counsel to Issuer to continue such exclusion from gross income including, without limitation, the following:

(i) the preparation and filing of all statements required to be filed by it in order to maintain the exclusion (including, without limitation, the filing of all reports and certifications required by the Regulatory Agreement);

(ii) the timely payment to the United States of America of any rebate amount required to be paid by Issuer or the Company pursuant to Section 148(f) of the Code and the Treas. Regulations under Section 148; and

(iii) the use of not less than 95% of the net proceeds of the Bonds (within the meaning of Section 142(a) of the Code) for costs to provide a "qualified residential rental project" within the meaning of Section 142(d) of the Code that are properly chargeable to the Company's capital account.

(au) Bonds Not Federally Guaranteed. The Bonds are not "federally guaranteed" as defined in Section 149(b) of the Code.

(av) 120% Test. In accordance with Section 147(b) of the Code, the weighted average maturity of the Bonds does not exceed 120% of the weighted average reasonably expected economic life of the facilities (comprising the Project) financed with the net proceeds of the Bonds, determined as the later of the date the Bonds are issued or the date the facilities are expected to be placed in service.

(aw) No Related Purchasers. Neither the Company nor any Managing Member, nor any person related to any Managing Member (within the meaning of Section 147(a)(2) of the Code) will purchase Bonds pursuant to any arrangement, formal or informal.

(ax) Section 149 Certificate. The information furnished by the Company and used by the Issuer preparing the certificate pursuant to Section 149(e) of the Code is accurate and complete as of the date of issuance of the Bonds.

(ay) Commencement Date. The acquisition, construction and equipping of the Project were not commenced (within the meaning of Section 144(a) of the Code) prior to the 60th day preceding the November 21, 2017 official action of the Issuer with respect to the Project, and no obligation for which reimbursement will be sought from proceeds of the Bonds relating to the acquisition, construction or equipping of the Project was paid or incurred prior to 60 days prior to such date other than preliminary expenditures and costs qualifying under the de minimis exception.

(az) Bonds. The Managing Member, with the Consent of the Investor Member, shall take such actions as may be necessary (after giving effect to applicable provisions of the Development Agreement) to assure that the percentage of the aggregate basis of the Land and buildings (including site improvements) financed with an obligation the interest on which is exempt from tax under Section 103 of the Code and which is within the State of Virginia volume cap shall be not less than 50% as of Substantial Completion. The interest paid on the Bonds, which constitute a part of the financing of the improvements, is excludable by the recipient thereof from Federal income taxation, and the Managing Member has done and performed, or caused to be done and performed, all acts and things necessary or desirable to assure that such interest is exempt; and neither the Managing Member nor any other party have permitted at any time or times any of the proceeds of the Bonds or any other funds to be used directly or indirectly to acquire any securities or obligations, the acquisition of which would cause any Bonds to be an arbitrage bond as defined in Section 148(a) of the Code.

(ba) Material Documents. All material documents relating to the Company and the Project have been made available to the Investor Member.

(bb) Accessibility/Disability. Five percent (5%) of the Units (i) shall conform to HUD regulations interpreting the accessibility requirements of section 504 of the Rehabilitation Act and (ii) will be actively marketed to persons with development disabilities as defined in the Fair Housing Act in accordance with a plan submitted to the VHDA as part of the application for Credits.

In addition, the Company must provide preference on its waiting list for persons whose names are on the waiting list for housing maintained by the public housing authority or section 8 waiting list maintained by the local or nearest section 8 administrator serving the jurisdiction in which the Project is located.

(bc) 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.

(bd) VHDA Required Provisions. Notwithstanding any other provision of this Agreement, this limited liability company and the members shall be subject to regulation and supervision by the Authority in accordance with the Virginia Housing Development Authority Act, the Rules and Regulations of the Authority, and the Regulatory Agreement executed or to be executed between this limited liability company and the Authority and shall be further subject to the exercise by the Authority of the rights and powers conferred on the Authority thereby. Notwithstanding any other provision of this Agreement, the Authority 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 the Authority. As used in this Subsection, "Authority" means the Virginia Housing Development Authority.

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. If required by Investor Member, the Managing Member shall prepare and timely file all appropriate reports for the Company with the Securities and Exchange Commission and state securities administrators.

(d) Limited Liability Company Status. The Managing Member shall (i) file such certificates and do such other acts as may be required to qualify and maintain the Company as a limited liability company under the Act and to qualify the Company to transact business in all such other jurisdictions as may be required under the applicable provisions of law, and (ii) take or cause the Company to take all reasonable steps deemed necessary by counsel to the Company to assure that the Company is at all times classified as a partnership for federal income tax purposes.

(e) Good Faith of Managing Member. It shall exercise good faith in all activities relating to the conduct of the business of the Company, including the development, operation and maintenance of the Project, and the Managing Member shall take no action with respect to the business and property of the Company which is not reasonably related to the achievement of the purpose of the Company.

(f) No Security Interests or Encumbrances; Debt Service Coverage Ratio. The Managing Member shall ensure that all of (i) the fixtures, maintenance supplies, tools, equipment and the like now and to be owned by the Company or to be appurtenant to, or to be used in the operation of the Project, as well as (ii) the rents, revenues and profits earned from the operation of the Project, will be free and clear of all security interests and encumbrances except for the Project Loans, the Mortgages, and any additional security agreements executed in connection therewith. From and after the Final Closing, the Managing Member shall use commercially reasonably effort to cause the Project to 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. Managing Member shall (a) use commercially reasonably efforts to comply and cause the Company to comply with the provisions of all applicable governmental and contractual obligations, and shall comply and (b) cause the Company to comply with 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.

(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 promptly 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 thirty (30) 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 promptly 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 at TowneBank 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 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 in which the Final Closing occurs, **$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. 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 Project Lender or any Authority having jurisdiction over the Project.

(r) Operating Reserves. The Managing Member shall cause the Company to deposit an amount as may be required by the Project Lenders into a segregated reserve account in a lending institution acceptable to the 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. Disbursements from the Operating Reserve for the aforementioned purposes shall constitute MM Loans by the Managing Member only to the extent of such amounts were funded by the Managing Member into the Operating Reserve pursuant to the previous sentence (i.e. to the extent Operating Reserve is funded by the Managing Member). Withdrawals from the Operating Reserve shall require the prior written approval of the Investor Member, which shall be granted to the extent a Project Lender approves, in writing, such withdrawal.

(s) Lease-Up Reserve. 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 **$36,800**. At such time as the Project Property shall have achieved Stabilization, any unused portion of the Lease-Up Reserve shall be used to fund the Reserve Fund for Replacements distributed in accordance with Section 4.02(q).

(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.

(u) The parties acknowledge that the Tax Cut and Jobs Act of 2017 (the "Act") has become law. Notwithstanding the foregoing, the Members agree to work together to make appropriate elections and tax return reporting choices to avoid reducing the Investor Member's expected benefits from being a member of the Company. In this regard and without limiting the foregoing, the Managing Member agrees that unless directed otherwise by the Investor Member, the Company shall make the election under Code Section 163(j)(7)(B) as provided in the Act to be an Electing Real Property Trade or Business. In addition, if directed by the Investor Member, the Managing Member shall elect out of bonus depreciation allowed under Section 167(k) on one or more classes of property for one or more years or if allowable, elect less than the maximum amount of bonus depreciation.

4.03 Single Purpose Entity. The Managing Member shall engage in no other business or activity other than that of being the Managing Member of the Company. The Managing Member was formed exclusively for the purpose of acting as the Managing Member of the Company and has never engaged in any other activity, business or endeavor. As of the date of this Agreement, the Managing Member has no liabilities or indebtedness other than its liability for the debts of the Company, and the Managing Member shall not incur any indebtedness other than its liability for the debts of the Company. If the Managing Member determines it needs additional funds for any purpose, it shall obtain such funds solely from capital contributions from its shareholders or members. The Managing Member has observed and shall continue to observe all necessary or appropriate corporate formalities in the conduct of its business. The Managing Member shall keep

its books and records separate and distinct from those of its shareholders, members and affiliates. The Managing Member shall clearly identify itself as a legal entity separate and distinct from its shareholders, members and its affiliates in all dealings with other Persons. The Managing Member has been adequately capitalized for the purposes of conducting its business and will not make distributions at a time when it would have unreasonably small capital for the continued conduct of its business.

ARTICLE V
MEMBERS, MEMBERSHIP INTERESTS AND OBLIGATIONS OF THE COMPANY.

5.01 Members; Capital Contributions; Membership Interests.

(a) Initial Managing Member Contribution. The Managing Member, its principal address or place of business, its Capital Contribution and its Percentage Interest are as follows:

(i) Name and Address:
NEW MANCHESTER FLATS V-4 MM, LLC
7 East Second Street
Richmond, Virginia 23224

(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: **0.01%**

(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.

(c) Investor Member. The Investor Member, its principal officer and places of business and Percentage Interests are as follows:

TB NMF Affordable Housing, LLC
6001 Harbour View Boulevard

Capital Contribution of **99.99%** is as set forth in subparagraph (d) immediately

Suffolk, Virginia 23435 below

(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 **Five Million Five Hundred Forty Seven Thousand Five Hundred Forty Five and 00/100 Dollars** (**$5,547,545)** payable in installments as follows.

(i) First Capital Contribution. The amount of the First Capital Contribution shall be **One Million One Hundred Nine Thousand Five Hundred Nine and No/100 Dollars ($1,109,509)**. 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 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) Project 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 (other than such permits and licenses as will be issued after completion of the Project or such specified portion thereof);

(H) Construction Financing. Evidence that all construction financing proceeds are available, including copies of all executed construction financing documents;

(I) Bonds. The Investor Member shall have received and approved executed agreements and related documents evidencing the availability of (i) the proceeds of the Bonds as financing for the Project.

(J) Credits. Evidence from the Agency that the Project will qualify for annual LIHTC of at least **$603,054**;

(K) 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;

(L) 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;

(M) Extended Use Agreement. Receipt by the Investor Member of a copy of an as-recorded Extended Use Agreement; and

(N) 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; and (ii) such additional items requested by the Investor Member to otherwise verify the accuracy of the representations and warranties and compliance with the covenants, duties and obligations set forth in Article IV.

(ii) Second Capital Contribution. The amount of the Second Capital Contribution shall be **One Million Four Hundred Eighty Thousand Three Hundred Sixty Two and No/100 Dollars ($1,480,362**). 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 of the Project.

(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 **75%** of the construction or rehabilitation work has been completed in accordance with the Plans and Specifications. Investor Member will use commercially reasonable efforts to complete such physical inspection within thirty (30) business days after Managing Member requests that Managing Member perform such inspection, which request may be in advance of receipt by Investor Member of the Managing Member's submission of an advance request to Investor Member under Subsection 5.01(d)(ii)(B) above.

(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;

(F) Lender Estoppel Certificate**.** Investor Member shall have received an Estoppel Certificate from the VHDA or other evidence satisfactory to the Investor Member that there are no defaults or events which, with notice or the passage of time or both, would constitute a default under the Construction Loan; and

(G) 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 **One Million Six Hundred Twenty Six Thousand Two Hundred Sixty Four and No/100 Dollars ($1,626,264)**. 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 of the Project, to repay the Bridge Loan, to fund the Lease-Up Reserve in the amount of **$36,800** and to fund a portion of the Development Fee.

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

(D) Physical Inspection. A construction consultant selected by the Investor Member shall have prepared a physical inspection report and certified that at **100%** of the construction or rehabilitation work has been completed in accordance with the Plans and Specifications. Investor Member will use commercially reasonable efforts to complete such physical inspection within thirty (30) business days after Managing Member requests that Managing Member perform such inspection, which request may be in advance of receipt by Investor Member of the Managing Member's submission of an advance request to Investor Member under Subsection 5.01(d)(iii)(B) above.

(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;

(F) 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;

(G) 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;

(H) 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 (other than such as will be issued only after completion of the Project or such specified portion thereof) 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;

(I) Environmental Matters. The Managing Member shall have provided the Investor Member evidence that 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;

(J) 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;

(K) 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;

(L) Lender Estoppel Certificate**.** Investor Member shall have received an Estoppel Certificate from the VHDA or other evidence satisfactory to the Investor Member that there are no defaults or events which, with notice or the passage of time or both, would constitute a default under the Construction Loan; and

(M) Other Documentation. The Investor Member shall have received such other documentation as it may reasonably request to verify the accuracy of the representations and warranties and compliance with the covenants, duties and obligations set forth in Article IV.

(iv) Fourth Capital Contribution. The amount of the Fourth Capital Contribution shall be **One Million Fifty Four Thousand Thirty Four and No/100 Dollars ($1,054,034)**. 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 the Development Fee in an amount of up to **$1,054,034**, and to pay for the cost of construction of the Project, and/or to repay the Construction Loan.

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

(D) Final Closing. Simultaneously with Final Closing, provided that the Investor Member has received fifteen (15) days' prior Notice of the date of Final Closing, and has received copies of any loan documents (including loan riders) executed in connection with conversion of the Construction Loan to the Permanent Loan that have not been previously delivered to the Investor Member, together will copies of all diligence items submitted to the VHDA in connection with the Final Closing, all of such items to be satisfactory to Investor Member in its reasonable discretion;

(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;

(F) 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 one hundred percent (100%) determined as of the date of the proposed Fourth Capital Contribution;

(G) Draft Cost Certification/8609 Application. 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 and a Form(s) 8609 application for the Project prepared by the Accountants;

(H) 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;

(I) Stabilization. The last day of the month following the month in which Stabilization occurs;

(J) Fifty Percent Test. Evidence satisfactory to Investor Member that more than fifty percent (50%) of the aggregate cost basis of the construction and the basis of the Land on which the construction is located, as such terms are defined in Code Section 42(h)(4)(B), is financed by an obligation described in Code Section 42(h)(4)(A); and

(K) 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 Fifth Capital Contribution shall be **Two Hundred Seventy Seven Thousand Three Hundred Seventy Seven and No/100 Dollars ($277,377)**, as such amount may be adjusted pursuant to Section 5.01(e) below. 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 the Development Fee in an amount of up to **$277,377**.

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

(D) 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;

(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 2021 tax return; and

(H) 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.

The Members and the Company hereby authorize and direct the Investor Member to pay and remit directly into the Company's "Construction Loan Account" maintained at TowneBank, the First Contribution, Second Contribution, Third Contribution, the Fourth Contribution and the Fifth Contribution. The amount of any Installments paid directly to the Bridge Lender will be deemed to have been contributed by the Investor Member to the Company in satisfaction of its obligations under this Section 5.01(d).

(vi) 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 or Upward Capital Adjustment. If events subsequent to determination of a Downward Capital Adjustment 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, the Managing Member or the Company, as appropriate, shall make payments as required under Section 5.01(e)(ii). If events subsequent to determination of an Upward Capital Adjustment result in an increase in Capital Contributions of the Investor Member due to an Early Delivery Capital Adjustment, then the Accountants shall recalculate the Upward Capital Adjustment. Following the determination of an Upward Capital Adjustment the Investor shall make payments as required under Section 5.01(e)(iii).

(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 **$6,029,940**, times and (B) **$0.92**. 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 minus the Late Delivery Capital Adjustment (if applicable) plus the Early Delivery Capital Adjustment (if applicable); 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. If the Early Delivery Capital Adjustment exceeds the Certified Credit Capital Adjustment Decrease, the Downward Capital Adjustment pursuant to the preceding clause (A) may be positive.

E. "Late Delivery Capital Adjustment" shall mean the product of (a) **$.65** and (5) the amount, if any, by which **$442,099** exceeds the Actual Credits for **2021**.

F. "Upward Capital Adjustment" shall mean, if either there is a Certified Credit Capital Increase or if the Certified Credit Capital Adjustment is zero, then the Certified Credit Capital Increase plus the Early Delivery Capital Adjustment.

G. "Early Delivery Capital Adjustment" shall mean the product of (a) **$0.65** and (b) the amount, if any, by which **$442,099** exceeds the Actual Credits for calendar year **2021**; provided, however, that if the Project does not achieve 100% Qualified Occupancy by **December 15, 2021**, then the Investor Member shall not be obligated to make an Early Delivery Capital Adjustment despite the delivery of Actual Credit as described herein.

When calculating a Late Delivery Capital Adjustment pursuant to Section 5.01(i) E or the Early Delivery Capital Adjustment pursuant to Section 5.01(i)G, the **$442,099** shall be adjusted by the same percentage by which the Certified Credits for the Credit Period vary from the Projected LIHTC for the Credit Period.

(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 Fourth Capital Contribution (if it has not previously been funded), and then to the extent necessary, the Fifth 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 promptly make a payment to the Company equal to the amount of such excess, and the Company shall promptly 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".

(iii) If there is an Upward Capital Adjustment, the Upward Capital Adjustment shall be paid with the Fifth Capital Contribution and shall be used first for Development Costs and then disbursed as Net Cash Flow. Notwithstanding the foregoing, the increase in Investor Member's Capital Contribution in accordance with the provisions of Section 5.01(e)(i) and this Section 5.01(e)(iii) shall not exceed **$554,755**.

(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 in an amount not to exceed **$40,000**, and monitoring/inspection fees (collectively, "Investor Member's Due Diligence Costs").

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

(j) Payment of Environmental Assessment Consultant Fees. The Managing Member acknowledges that, on behalf of the Investor Member, if the Investor Member reasonably believes an additional environmental study is required, 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, 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 reasonable and actual 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 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 (c) foreclosure proceedings shall have been commenced against the Project, 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 outside counsel for the Company and the Managing Member substantially in the form attached hereto as **Exhibit L**, which opinion shall explicitly state that SRH LAW PLLC, counsel to the Investor Member, may explicitly rely upon it.

5.05 Repurchase Obligation.

(a) Conditions for Repurchase. If (i) Final Closing has not occurred by December 31, 2020 (or such later date as may be Consented to by the Investor Member); (ii) the Company has not received the State Designation in 2019 or the IRS Form(s) 8609 (is) (are) not issued by the Agency by December 31, 2021, so as to allow the Credit Period to commence as of January 1, 2021; (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 has not satisfied the Fifty Percent Test on or before December 31, 2020; (v) an Extended Use Agreement is not in effect before the end of the first year of the Credit Period; or (vi) the Project has not generated at least 85% of the Projected LIHTC for each of the years 2021 or 2022, 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 equal to one percentage point above the highest prime rate published in the Wall Street Journal (or any comparable publication selected by Investor Member) 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 and interest thereon as set forth in Section 5.05(a) above, 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 must obtain Investor Member's prior written consent to any such MM Loan and further provided, 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. Notwithstanding the foregoing, the Managing Member may make MM Loans to fund Operating Deficits and other reasonable and necessary obligations of the Company in an aggregate amount exceeding $100,000 without the Investor Member's Consent provided such MM Loans will not cause a reallocation of LIHTC or tax benefits among the Members.

(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 all other actions required by Section 1.07 in connection with such admission shall have been performed;

(c) if the successor or additional Person is a corporation, it shall have provided the Company with evidence satisfactory to counsel for the Company of its authority to become a Managing Member, to do business in the Commonwealth of Virginia and to be bound by the terms and provisions of this Agreement; and

(d) Counsel for the Company shall have rendered an opinion that the admission of the successor or additional Person is in conformity with the Act and that none of the actions taken in connection with the admission of the successor Person will cause the termination or dissolution of the Company or will cause it to be classified other than as a partnership for federal income tax purposes.

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

(a) In the event of the Bankruptcy of a Managing Member or the withdrawal, death or dissolution of a Managing Member, or an adjudication that a Managing Member is incompetent (which term shall include, but not be limited to, insanity) the business of the Company shall be continued by the other Managing Member(s); provided, however, that if the withdrawn, Bankrupt, deceased, dissolved or incompetent Managing Member is then the sole Managing Member, or if such Managing Member withdraws from the Company in contravention of the provisions of Section 6.01(a) of this Agreement, then the Company shall be terminated, unless within ninety (90) days after receiving Notice of such Bankruptcy, withdrawal, death, dissolution or adjudication of incompetence or breach of Section 6.01(a), the Investor Member elects to designate such other entity as the Investor Member may desire as a successor Managing Member and continue the Company upon the conversion of such successor 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 Member 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 in the event the following occur, and if the Managing Member fails to correct such occurrence within thirty (30) days (or such longer period as herein provided) after written notice from the Investor Member:

(i) for (A) any fraud, gross negligence, intentional misconduct or breach of fiduciary duty, or (B) failure to exercise reasonable care with respect to any material matter in the discharge of its duties and obligations as Managing Member (provided that such violation results in, or is likely to result in, a material detriment to or an impairment of the Project or assets of the Company), or

(ii) upon the occurrence of any of the following:

(A) the Managing Member or the Company shall have violated any material provisions of the Regulatory Agreement, the Extended Use Agreement and/or the Loan Agreement, or any material provisions of any other Project Document or other document required in connection with any Project Loan or any material provisions of a Project Lender and/or Agency requirements applicable to the Project, which violation has not been explicitly waived in writing by the applicable Project Lender or the Agency, as applicable;

(B) the Managing Member or the Company shall have (i) violated any material provision of this Agreement, including, without limitation, any of its guarantees or payment obligations under Sections 5.01(e), 5.05 and/or 8.11, (ii) violated any material provision of applicable law, or (iii) the representation and warranty contained in Section 4.01(u) are and/or becomes false or inaccurate;

(C) the Managing Member or the Company shall have caused any Project Loan to go into default, which default remains uncured after the expiration of any applicable cure period;

(D) the Managing Member shall have conducted its own affairs or the affairs of the Company in such manner as would:

(1) cause the termination of the Company for federal income tax purposes;

(2) cause the Company to be treated for federal income tax purposes as an association, taxable as a corporation;

(3) in the reasonable opinion of the Investor Member, cause a recapture or reduction in Certified Credits;

(4) violate any federal or state securities laws;

(5) cause the Investor Member to be liable for Company obligations in excess of its Capital Contributions;

(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) the Managing Member fails to timely and promptly discharge the Management Agent if at any time cause for such removal exists;

(G) Bankruptcy or similar creditor's action is filed by or against the Company, the Managing Member or any Affiliate Guarantor; or

(H) any default by the Affiliate Guarantor under the Affiliate Guaranty;

(I) failure of the Affiliate Guarantor to maintain a minimum net worth of $1,000,000;

(J) failure of the Company to achieve Stabilization within twenty four (24) months of Substantial Completion; or

(K) 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. If TowneBank is a Project Lender at the time such notice is to be provided, such notice shall be sent to: TowneBank, 4501 Cox Road, Glen Allen, Virginia 23060, Attention: Kevin Laing, Senior Vice President. The Managing Member shall have thirty (30) days after receipt of such Notice to cure any default or other reason for such removal, in which event it shall remain as Managing Member. If, at the end of thirty (30) 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 designee of the Investor Member which, without further action, shall become the Managing Member; in such event, upon becoming the Managing Member, such designee shall be bound by all applicable terms and conditions of this Agreement and of the Project Documents.

(c) Managing Member Obligations and Liability Following Removal.

(i) In the event that the Managing Member is removed as aforesaid prior to the Final Closing, it shall be and shall remain liable for all obligations and liabilities incurred by it as Managing Member of the Company before such removal shall become effective, including but not limited to the obligations and liabilities of the Managing Member with respect to its obligations set forth in Section 8.11 of this Agreement; provided however, that if amounts otherwise payable to the Managing Member as fees are applied to meet the obligations of the Managing Member as stated in Sections 5.01, 5.05 and 8.11 of this Agreement, such application shall serve to reduce any such

liabilities of the Managing Member or any successor, except for any liability incurred as the result of its negligence, misconduct, fraud or breach of its fiduciary duties as Managing Member of the Company. If the Managing Member is removed as Member of the Company prior to the Final Closing as aforesaid, the Managing Member shall not be entitled to payment of any further installments of the Incentive Management Fee, or other fees which otherwise would have been due and payable under or pursuant to various Sections of this Article VI or Article VII.

(ii) In the event that the Managing Member is removed as aforesaid after the Final Closing, it shall be and shall remain liable for all obligations and liabilities incurred by it as Managing Member of the Company before such removal shall become effective, including but not limited to the Managing Member's obligations and liabilities under Section 8.11(b) of this Agreement; provided, however, that if amounts otherwise payable to the Managing Member or Affiliates thereof as fees are applied by the Company to pay Operating Deficits, such application shall serve to reduce any such liabilities after the Final Closing, except for any liability incurred as the result of its negligence, misconduct, fraud or breach of its fiduciary duty as Managing Member of the Company. If the Managing Member is removed as Member of the Company at any time after the Final Closing, the Developer or its successor(s) shall continue to be paid subsequent to such removal, in accordance with the terms and conditions of this Agreement, any installments of the Development Fee which would have otherwise been due and payable to it pursuant to Section 8.12 and which are not otherwise being withheld; provided, however, upon any such removal of the Managing Member after the Final Closing, no further installments of the Incentive Management Fee shall be paid which are attributable to any period after such removal.

(d) Power of Attorney. 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.

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 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, the Seller Note, the Seller Deed of Trust 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, 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 Member 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 $25,000.00 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 $50,000;

(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 $25,000.00 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 $25,000 or more, or is proposed when the amount of previous change orders plus the proposed change order would exceed $75,000 (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 2021 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 (except as permitted by Section 8.06, but in no event shall the Development Fee or the Incentive Management Fee be increased);

(xxvi) change in ownership, control or management of the Managing Member;

(xxvii) allow this Agreement to be amended;

(xviii) 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; or

(xxix) allow the Condominium Documents to be amended.

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 sell the Project subject to the Extended Use Agreement (a "Continued Compliance Sale").

(b) Continued Compliance Sale. After receipt of a request for a Continued Compliance Sale, the 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) Purchase Options. For the six (6) month period immediately following the expiration of the Compliance Period, so long as the Managing Member remains the Managing Member, the Managing Member will have (a) an option to purchase the Project and (b) an option to purchase all of Investor Member's Interest, each on the terms set forth in the Purchase Option Agreement dated of even date herewith made by and between the Company, the Investor Member and the Managing Member attached hereto as **Exhibit K**.

(d) Investor Member's Put. At any time after the fourteenth (14th) anniversary of the first day of the first taxable year of the Compliance Period for the last building of the Project placed in service, the Investor Member may request that the Managing Member (or its designee) purchase the Investor Member's entire Interest in the Company ("Put") for a price equal to the sum of the following: (i) One Thousand and No/100ths Dollars ($1,000.00); plus (ii) the Investor Member's costs and expenses incurred in connection with the transfer of its Interest; plus (iii) all amounts due and owing to the Investor Member under this Agreement plus (iv) "Exit Taxes" (as hereinafter defined) payable by the Investor Member in connection with the sale of the Investor Member's Interest and receipt of any corresponding cash, after taking into account any income, gain, loss or deduction arising from such sale, whether allocated to the Investor Member by the Company on a Schedule K-l or realized by the Investor Member outside of the Company as a result of such sale, the amount of such taxes to be calculated by assuming that the Investor Member is subject to tax on all gain realized by or allocated to it and any amount owed to the Investor Member under any provision of this Agreement. As used herein, "Exit Taxes" means the amount of applicable federal income taxes, state income taxes, sales and franchise taxes, transfer fees and related government assessments payable by the members of the Investor Member (taking into account all applicable deductions and credits attributable to such taxes in each taxing jurisdiction) in connection with a specified sale of the Project or liquidation of the Company, in each case assuming each such member is a corporation that is not a closely-held corporation, pays taxes at the highest applicable marginal tax rate generally applicable to corporations and is not subject to the alternative minimum tax, and taking into consideration, on a reiterative basis, the payment of such Exit Taxes as part of such sale or liquidation.

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 Member in the reports required under Section 13.02. Neither the Managing Member nor any Affiliate shall, by the making of lump sum payments to any other Person for disbursement by such other Person, circumvent the provisions of this Section 8.06.

8.07 Other Activities. Except as limited in Section 8.06, Affiliates of the Managing Member may engage in or possess interests in other business ventures of every kind and description for their own account, including, without limitation, serving as managing member of other limited liability companies or the general partner of limited partnerships which own, either directly or through interests in other companies or partnerships, government assisted housing developments similar to the Project. Neither the Company nor any of the Members shall have any rights by virtue of this Agreement in or to such other business ventures or to the income or profits derived therefrom.

8.08 Liability for Acts and Omissions. No Managing Member or Affiliate thereof shall be liable, responsible or accountable in damages or otherwise to any of the Members for any act or omission performed or omitted by it in good faith on behalf of the Company and in a manner reasonably believed by it to be within the scope of the authority granted to it by this Agreement and in the best interest of the Company, provided that the protection afforded the Managing Member pursuant to this Section 8.08 shall not apply in the case of negligence, misconduct, fraud or any breach of fiduciary duty as Managing Member with respect to such acts or omissions. Any loss or damage incurred by any Managing Member or Affiliate thereof by reason of any act or omission performed or omitted by it or any of them in good faith on behalf of the Company and in a manner reasonably believed by it to be within the scope of the authority granted by this Agreement and in the best interests of the Company (but not, in any event, any loss or damage incurred by the Managing Member or Affiliate thereof by reason of negligence, misconduct or fraud of the Managing Member or Affiliate thereof, or any breach of fiduciary duty as Managing Member, with respect to such acts or omissions) shall be paid from Company assets (except for reserves) to the extent available (but the Investor Member 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 from and against any claim, loss, expense, action or damage, including without limitation, reasonable costs and expenses of litigation and appeal (and the reasonable fees and expenses of counsel) asserted against the Investor Member based on any act, omission, malfeasance or nonfeasance of the Company or the Managing Member, including without limitation any claim that the Investor Member is liable for any indebtedness of the Company and excluding only liability directly caused by the Investor Member's gross negligence or 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 their representatives, from and against any and all costs, losses, liabilities, damages, lawsuits, proceedings (whether formal or informal), investigations, judgments, orders, settlements, recoveries, obligations, deficiencies, claims and expenses (whether or not arising out of third party

claims), including, without limitation, interest, penalties, attorneys' fees and all amounts paid in investigation, or settlement of any of the foregoing, incurred in connection with or arising out of or resulting from the operations of the Managing Member, the Company or the Project prior to the date of this Agreement.

8.10 Intentionally Deleted.

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;

(E) achieving Final Closing and payment in full of the Bridge Loan; and

(F) achieving Stabilization.

(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 (the "Operating Deficit Period Commencement Date") and ending on the earlier of (i) five (5) years after the Operating Deficit Period Commencement Date or (ii) the Company's achievement of two consecutive periods of twelve (12) months of operation at a 1.15 Debt Service Coverage Ratio (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 Lease-Up 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 ninety percent (90%) of the following: (A) the amount of the LIHTC Shortfall for the fiscal year immediately preceding the payment due date multiplied by **$.92**, (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).

Amounts required to paid under this Section 8.1(c)(iii) shall bear 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, condemnation, casualty loss (unless the Managing Member has failed to maintain the insurance required by this Agreement), or to changes in the tax law after the date hereof with which the Managing Member is unable to comply despite the exercise of its good faith and reasonable efforts.

(iv) 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 October 1, 2020, on the terms set forth on **Exhibit F** attached hereto. 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 **$1,500,000** 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 **$163,946** of the Development Fee will be deferred and paid pursuant to Article XI (such deferred amount hereinafter being referred to as the "**Deferred Development Fee**").

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, 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 (iii) foreclosure proceedings shall have been commenced against the Project, then (A) the Managing Member shall be in default of this Agreement, and the Company shall withhold payment of any installment of fees and/or allowance payable pursuant to Sections 4.02(s), 8.12 and/or 8.13, and payment of any loans from the Managing Member to the Company, 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 Investor Member, but in no event will the annual management fee be greater than **five** percent **(5%)** 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 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 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 if the Managing Member is removed or withdraws. **Dodson Property Management, LLC** 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 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, loans made by the Managing Member (or its Affiliate) pursuant to Section 8.11(a)(ii)) 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 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 Deleted.

8.21 Intentionally Deleted.

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 MEMBER

9.01 Restrictions on Transfer of Investor Member's 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, 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 Member.

(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 Articles of Organization 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 Articles of Organization 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 Articles of Organization 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 MEMBER

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 Member. 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 liability companies or partnerships which own, either directly or through interests in other limited liability companies or limited partnerships, government-assisted housing projects similar to the Project. Neither the Company nor any of the Members shall have any right by virtue of this Agreement in or to such other business ventures to the income or profits derived therefrom.

ARTICLE XI
PROFITS, LOSSES AND DISTRIBUTIONS

11.01 Allocation of Profits and Losses Other Than From Capital Transactions.

(a) Manner of Determination. Profits, Losses and credits for all purposes of this Agreement shall be determined in accordance with the definition of the same under Article II of the Agreement (as applicable) and in accordance with the accrual accounting method and in accordance with applicable Code sections and Treasury Regulations governing same.

(b) Allocations. All Profits and Losses, except those items in Sections 11.02, 11.05 and 11.07 below, shall be allocated to the Members in accordance with their Percentage Interests. Every item of income, gain, loss, deduction, or tax preference entering into the computation of such Profits and Losses, or applicable to the period during which such Profits and Losses were realized, shall be considered allocated to each Member in the same proportion as Profits and Losses are allocated to such Member.

(c) Intentionally Deleted.

(d) Investor Member Allocation. Notwithstanding any provisions in the Agreement to the contrary, except as specifically provided in this Agreement, in no event shall the 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(e) and (h) 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 Membership 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 payment of any amounts then owed with respect to the Investor Services Agreement;

(iv) fourth, 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;

(v) fifth, to pay the Seller Loan until all amounts due under the Seller Loan have been paid in full;

(vi) sixth, to the Developer until all amounts due under the Development Agreement have been paid in full;

(vii) seventh, to the Managing Member for any MM Loans to be repaid out of cash flow; and

(viii) eight, (a) ninety percent (90%) of the balance after payment of the foregoing items (i) - (vii) inclusive, to the Managing Member, first as payment of amounts owed under the Incentive Management Fee and second as a distribution; and

(ix) thereafter, the balance to the Investor Member.

(c) Distributions to be Subject to Regulatory Restrictions. Notwithstanding the foregoing, during such time as regulations of the Project Lenders are applicable to the 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, including debts to Affiliates of the Managing Member and under the Seller Loan; provided that, following distribution of funds under (a) through (c)(ii) of this Section 11.04, if the Capital Transaction relates to the additional financing approved by the Investor Member, the Managing Member may apply the proceeds of such financing to the amounts due under the Seller Loan or under the Development Agreement prior to other amounts due to the Managing Member under (iii) through (vi;)

(d) Intentionally Deleted;

(e) to the Managing Member and Investor Member 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;

(f) to payment of the Guarantor LIHTC Compliance Loan (or, if funds provided are a capital contribution under Section 8.11(c)(v), as a return of such capital); and

(g) the balance, 10% to the Investor Member; and 90% to the Managing 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 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 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) Intentionally Deleted.

(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 and deductions 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 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 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 Consent and only after having given the 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 Member as nearly as possible to the allocations thereof otherwise contemplated by this Article XI.

(n) Grant Income. Any income recognized as a result of any receipt of grants by the Company shall be allocated one hundred percent (100%) to the Managing Member. However, if the Managing Member is exempt from federal income taxation under Code Section 501(c)(3) or any other Code provision, then the allocations to the Managing Member under this Section 11.07(n) shall be limited to the highest percentage of the Company's property treated as tax-exempt use property, as reflected in the Projections.

(o) Intentionally Deleted.

11.08 Designation of Partnership Representative. The Managing Member shall be the partnership representative of the Company pursuant to Section 6223 of the Code ("Partnership Representative"), and shall engage in such undertakings as are required of the Partnership Representative of the Company, as provided in the Code and applicable Treasury Regulations. For each applicable tax year, the Managing Member shall cause the Company to appoint as the Designated Individual a person who is employed by the Managing Member or its Affiliate, has sufficient experience and authority to represent the Company in all dealings with the IRS, and is Consented to by the Investor Member. If the Designated Individual is unable to perform the role

required, no longer meets the requirements of the Code and Treasury Regulations or ceases to be employed by the Managing Member or its Affiliate, the Managing Member shall take all necessary action to cause such person to resign as the Designated Individual and to cause the Company to designate a successor representative that would otherwise qualify under this Agreement and under the Code and Treasury Regulations as a permissible Designated Individual. The Managing Member shall take any and all action required under the Code or Treasury Regulations (including on all applicable Company tax returns), as in effect from time to time, to cause the Company to designate the Managing Member as the Partnership Representative and the chosen person as the Designated Individual. The Managing Member shall cause the Designated Individual to agree to comply with all restrictions and obligations imposed on the Partnership Representative as set forth in this Agreement. In the event that the Investor Member exercises its right to become a managing member and to assume duties of the Partnership Representative, the pre-existing Partnership Representative will resign in accordance with Treas. Reg. § 301.6223-1(d)(1) and the Company will redesignate the new managing member as Partnership Representative in accordance with Treas. Reg. § 301.6223-1(d)(1).

Each Member, by its execution of this Agreement, Consents to such designation of the Partnership Representative by the Company 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.

11.09 Authority of Partnership Representative.

(a) The Partnership Representative shall have and perform all of the duties required under the Code and Treasury Regulations, including the following duties:

(i) Furnish the name, address, profits interest, and taxpayer identification number of each Member to the IRS;

(ii) Represent the Company in all dealings with the IRS and state and local taxing authorities in accordance with the obligations and restrictions imposed by this Agreement;

(iii) 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 or state or local taxing authority, the Partnership Representative shall forward to each Member a photocopy of all such correspondence or communication(s). The Partnership Representative 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 or state or local taxing authority.

(b) The Partnership Representative 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 Partnership Representative shall, solely upon request by the Investor Member, make an election pursuant to Sections 6221 or 6226 of the Code on behalf of the Company, provided the Company is permitted to make such election pursuant to the Code or Treasury Regulations thereunder.

(d) The Partnership Representative shall not without the Consent of the 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);

(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);

(vi) Intervene in any action brought by any other Member for judicial review of a final Company administrative adjustment;

(vii) Make an election pursuant to Sections 6221(b) or 6226(a) of the Code on behalf of the Company;

(viii) Take action pursuant to Treasury Regulations promulgated under Section 6225(c); or

(ix) 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.

(e) In the event of any Company-level proceeding instituted by the IRS pursuant to Sections 6221 through 6241 of the Code or by any other federal, state or local tax authority, the Partnership Representative shall consult with the Investor Member regarding the nature and content of all action and defense to be taken by the Company in response to such proceeding. The Partnership Representative also shall consult with the Investor Member regarding the nature and content of any proceeding pursuant to Sections 6221 through 6241 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). The Partnership Representative will provide the Investor Member and Investor Member with notice reasonably in advance of any meetings or conferences with respect to any administrative or judicial proceedings relating to the determination of Company items at the Company-level (including any meetings or conferences with counsel or advisors to the Company with respect to such proceedings) and the Investor Member and Investor Member shall have the right to participate, at the Investor Member's and Investor Member's sole cost and expense, in any such meetings or conferences. In any such proceedings, the Partnership Representative shall take any action or omit to take any action, if reasonably requested by the Investor Member.

(f) If, at any time, the Managing Member desires to accept a settlement offer or other proposed resolution of a tax dispute, and the Investor Member does not, then, to the extent permitted by the Code and Treasury Regulations, the Investor Member may elect to take control of such tax dispute (including by being appointed as the Partnership Representative for the relevant period) and resolve such tax dispute in the best interest of the Company, as reasonably determined by the Investor Member. If exercised, this election shall apply only to such contested tax dispute and not to any other past, future, or pending dispute with a tax authority or other Company matter. Moreover, the exercise of this election shall not relieve the Managing Member of any of its other obligations under this Agreement, including its obligation to manage the Company.

(g) In the event that an election described in Code Section 6226(a) is not made with respect to any notice of final company/partnership adjustment, each Member shall be obligated to make a capital contribution in an amount equal to such Member's share of the imputed underpayment (and any associated interest and penalties) owed by the Company under Code Section 6225. For purposes of the preceding sentence, each Member's share of such imputed underpayment (and associated interest and penalties) shall be determined by taking into account (i) such Member's share of the income, gain, loss, deductions, basis and credits to which such adjustment and imputed underpayment relate, as determined by the Accountants; (ii) such Member's obligation (if any) to indemnify, defend, or hold harmless the Company or any other Member for such imputed underpayment (and any associated interest and penalties) under this Agreement; (iii) such Member's obligations and liabilities arising from or related to such Member's representations, warranties and covenants in this Agreement; and (iv) the obligations of the Managing Member(s) under Section 5.01(e) (relating to Tax Credit adjustments). For example, if an imputed underpayment were to relate to an adjustment or disallowance of Tax Credits previously allocated to the Investor Member, and such adjustment or disallowance would give rise to an obligation of the Managing Member to make a capital contribution under Section 5.01(e) (relating to Tax Credit adjustments), then such Managing Member, rather than the Investor Member, would be required to make the capital contribution described in this paragraph.

11.10 Expenses of Partnership Representative. The Company shall indemnify and reimburse the Partnership Representative 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 Partnership Representative in connection with any such proceeding, except to the extent required by law, is a matter in the sole discretion of the Partnership Representative 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 Partnership Representative in its capacity as such. Sections 11.08, 11.09 and this Section 11.10 of the Agreement shall survive termination of any Member's interest in the Company for any reason and shall be binding on all Members, including former Members.

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) Financial Statements and Tax Filings. i) No later than March 15 of each year, the Managing Member shall cause to be delivered to the Members with respect to the prior year the following financial statements prepared by the Accountants:

(A) 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;

(B) A statement and reconciliation of each Member's Capital Account;

(C) A statement of the tax basis for the computation of the tax credits and depreciation deductions;

(D) 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

(E) A narrative report summarizing the status of the Company's operations.

(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 Member:

(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, contractor performance bonds or completion guarantee or letter of credit.

(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, contractor performance bonds or completion guarantee or letter of credit.

(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).

13.05 Selection of Accountants. The Managing Member, with the Consent of 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.

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 Member. 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 Member. Such Notice shall include any information required by the relevant provision or by law.

15.03 Meetings: Submission of Matter for Voting. A majority in Interest of the Investor Member 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, except as disclosed in the Environmental Report, 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 except as disclosed in Environmental Report, (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.

(d) The Managing Member agrees to indemnify and hold harmless the Company, the 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:
TB NMF AFFORDABLE HOUSING, LLC
6001 Harbour View Boulevard
Suffolk, Virginia 23435
Attention: Anne C.H. Conner, Manager

with a copy to:
SRH LAW PLLC
11 South 12th Street, Suite 403
Richmond, Virginia 23219
Attention: Saundra R. Hirth, Esq.

(b) To the Managing Member:
NEW MANCHESTER FLATS V-4 MM, LLC
7 East Second Street
Richmond, Virginia 23224
Attention: Richard W. Gregory.

With a copy to:
McGlothlin Legal, PLLC
1108 E. Main Street, Suite 501
Richmond, Virginia 23219
Attention: Michael Alex McGlothlin

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.

IN WITNESS WHEREOF, the parties have affixed their signatures and seals to this FIRST AMENDED AND RESTATED OPERATING AGREEMENT of NEW MANCHESTER FLATS V-4, LLC as of the date first written above.

MANAGING MEMBER:

NEW MANCHESTER FLATS V-4 MM, LLC,
a Virginia limited liability company

By: _____
John R. Gregory, II, its Manager

INVESTOR MEMBER:

TB NMF AFFORDABLE HOUSING, LLC, a Virginia limited liability company

By: _____

Anne C.H. Conner, Manager

TowneBank

Hi, Scott

Last Login: Dec 16, 2022, 1:54:22 PM ET

Balances as of 12/16/2022	**Available Balance**
Tigrillo, LLC ABA/TRC - 051408949 8966	$510,175.96
Wolftrap Assets, LLC ABA/TRC - 051408949 8645	$380,264.10
Jaguar Holdings II, LLC ABA/TRC - 051408949 9485	$200,315.51

John Gregory (Tigrillo Capital, LLC)
> $500,000 in liquid assets

Prior LIHTC projects as principal:
Miller I & II, LLC
Carlton Views I, LLC
Carlton Views II, LLC
New Manchester Flats V-4, LLC

TOWNE BANK
P.O. Box 2818
Norfolk, VA 23501-2818
Return Service Requested

Account Number:	XXXXXX7103
Statement Date:	11/28/2022
Items Enclosed:	0
Page:	1 of 2

Member Service Information

Lost or Stolen Card: 888-638-6718
Email Inquiries: info@townebank.com
Visit Us Online: www.townebank.com
Visit Us on Facebook! www.facebook.com/townebank
Account Assistance: 804-967-7026

486 MTB3733S112922042547 01 000000000 486 003

RICHARD W GREGORY
3 PARTRIDGE HILL FARM RD
RICHMOND VA 23238

486 0001548 0001-0002 0000000000000000

As always, online banking provides the latest balance information for your accounts!

PREMIUM ACCESS MONEY MARKET — Account Number: XXXXXX7103

Balance Summary

Beginning Balance as of 10/29/22	**$1,373,564.57**
+ Deposits and Credits (1)	$248.54
- Checks Posted (0)	$0.00
- Withdrawals and Debits (2)	$100,000.00
Ending Balance as of 11/28/22	**$1,273,813.11**
Number of Days in Statement Period	31
Items Enclosed	**0**

Transaction Detail

Date	Description	Deposits	Withdrawals
Nov 03	DIGITAL TRANSFER REF 3071934L FUNDS TRANSFER TO DEP XXXXXX8474 FROM TOWNE OLB		-$50,000.00
Nov 28	DIGITAL TRANSFER REF 3301114L FUNDS TRANSFER TO DEP XXXXXX8474 FROM TOWNE OLB		-$50,000.00
Nov 28	INTEREST CREDIT	$248.54	

Richard Gregory
>$500,000 in liquid assets

Prior LIHTC projects as principal:
New Manchester Flats IX, LLC
Miller I & II, LLC
Carlton Views I, LLC
Carlton Views II, LLC
New Manchester Flats V-4, LLC

486 0001548 0001-0002 MTB3733S112922042547 01 L 486

Tab R:

Documentation of Operating Budget and Utility Allowances

M. OPERATING EXPENSES

Administrative:				Use Whole Numbers Only!
1. Advertising/Marketing				$20,000
2. Office Salaries				$211,250
3. Office Supplies				$0
4. Office/Model Apartment		(type	)	$0
5. Management Fee				$99,183
3.18% of EGI	$454.97	Per Unit		
6. Manager Salaries				$0
7. Staff Unit (s)		(type	)	$0
8. Legal				$12,750
9. Auditing				$17,000
10. Bookkeeping/Accounting Fees				$4,250
11. Telephone & Answering Service				$8,000
12. Tax Credit Monitoring Fee				$7,630
13. Miscellaneous Administrative				$35,370
Total Administrative				$415,433
Utilities				
14. Fuel Oil				$0
15. Electricity				$18,147
16. Water				$59,142
17. Gas				
18. Sewer				$59,142
Total Utility				$136,431
Operating:				
19. Janitor/Cleaning Payroll				$0
20. Janitor/Cleaning Supplies				$0
21. Janitor/Cleaning Contract				$0
22. Exterminating				$0
23. Trash Removal				$25,500
24. Security Payroll/Contract				$0
25. Grounds Payroll				$0
26. Grounds Supplies				$0
27. Grounds Contract				$35,000
28. Maintenance/Repairs Payroll				$113,750
29. Repairs/Material				
30. Repairs Contract				$185,300
31. Elevator Maintenance/Contract				$0
32. Heating/Cooling Repairs & Maintenance				$0
33. Pool Maintenance/Contract/Staff				$0
34. Snow Removal				$0
35. Decorating/Payroll/Contract				$0
36. Decorating Supplies				$0
37. Miscellaneous				$5,724
Totals Operating & Maintenance				$365,274

M. OPERATING EXPENSES

Taxes & Insurance

38.	Real Estate Taxes	$300,840
39.	Payroll Taxes	$0
40.	Miscellaneous Taxes/Licenses/Permits	$0
41.	Property & Liability Insurance	$50,140
42.	Fidelity Bond	$0
43.	Workman's Compensation	$0
44.	Health Insurance & Employee Benefits	$0
45.	Other Insurance	$0
	Total Taxes & Insurance	$350,980
	Total Operating Expense	$1,268,118

Total Operating Expenses Per Unit	$5,817	**C.** **Total Operating Expenses as % of EGI**	40.61%	

Replacement Reserves (Total # Units X $300 or $250 New Const. Elderly Minimum) $65,400

Total Expenses	$1,333,518

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

viridiant

February 23, 2022

Bernard Harkless
Lynx Ventures, Inc
7 E 2nd St,
Richmond, VA 23224
bharkless@lyxnventures.com

RE: Preliminary Utility Allowance for 7000 Carnation

Dear Mr. Harkless,

Please see the following Preliminary Utility Allowance (UA) for 7000 Carnation 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.

EARTHCRAFT 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	$ 13.88	$ 16.72	$ 19.56	N/A
Air Conditioning	Electric	Tenant	N/A	$ 6.48	$ 7.80	$ 9.13	N/A
Cooking	Electric	Tenant	N/A	$ 5.55	$ 6.69	$ 7.82	N/A
Lighting	Electric	Tenant	N/A	$ 22.20	$ 26.75	$ 31.30	N/A
Hot Water	Gas	Owner	N/A	$ -	$ -	$ -	N/A
Water	-	Owner	N/A	$ -	$ -	$ -	N/A
Sewer	-	Owner	N/A	$ -	$ -	$ -	N/A
Trash	-	Owner	N/A	$ -	$ -	$ -	N/A
Total UA costs paid by tenants			$ -	$ 48.11	$ 57.95	$ 67.81	$ -

**Allowances only for 7000 Carnation as an EarthCraft 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 Total UA amount.*

Sincerely,

Katy Maher

Katy Maher
Project Manager

Tab T:

Funding Documentation

TERM SHEET: FOR DISCUSSION PURPOSES ONLY

The following information represents a summary of indicative terms and conditions that *TowneBank* (the "Bank") would consider providing as of December 15, 2022 for a credit facility to Lynx Ventures, Inc. or related entity. These terms and conditions are based upon our review of information provided to us to date and **do not represent a commitment to lend by the Bank.** This information is confidential and may not be released in written or verbal form without the prior written consent of the Bank.

Borrower: 7000 Carnation, LLC. (the "Borrower").

Purpose: To provide short-term tax credit equity bridge financing for the construction of 218 affordable units for low-income family households located at 7000 Carnation Street, Richmond, Virginia. (the "Project").

Credit Type: Equity Bridge Loan

Amount: A loan amount of up to Ten-Million, Five-Hundred-Thousand Dollars ($10,500,000.00) to bridge the low-income housing tax credit equity to be invested by TowneBank in the Project. The final loan amount shall be determined prior to closing based on the final budget, flow of funds, VHDA construction loan amount, and Equity Investment Agreement. Closing and funding is subject to the Bank's receipt of all municipal entitlements required to complete the project as proposed, as well as the VHDA Construction Loan Commitment and TowneBank Tax Credit Investment Commitment.

Collateral: Second lien Deed of Trust and an Assignment of Rents on the Property. Security lien on all personal property of the Borrower, including, but not limited to, furniture fixtures, and equipment. Additional collateral shall include, as applicable, assignments of the Architectural & Engineering contracts, the General Contractor contract, and the Property Management contract. Depending on the timing of closing, TowneBank may close in a first lien position, but will then be subordinate to VHDA upon closing of the construction loan.

Term: The loan term shall be thirty-six (36) months (the "Maturity").

Rate: Ameribor Term-30 plus 300bps.

Origination Fee: 0.50% of the final loan commitment due at closing.

Repayment: Interest-only payments due monthly during the term. Principal to be repaid in phases based on the timing of LIHTC equity injections, which will be finalized prior to closing.

Guaranty: As offered by the Borrower, the Loan shall be unconditionally guaranteed by Richard W. Gregory (the "Guarantor").

Prepayment: The Borrower shall have the privilege to prepay the principal amount of the loan in full or in part without a prepayment premium.

Environmental: The Bank shall require an acceptable Phase 1 Environmental Report at the Borrower's expense. If there is evidence of any potential environmental problems, the Bank may require further documentation and/or remediation.

Appraisal: The VHDA appraisal has been received and must be reviewed and accepted by the Bank prior to closing.

Deposit Account: As a condition of this Loan, the Borrower or related entity agrees to maintain the operating deposit account for the Project with the Bank.

Other:

- Subject to the Bank's standard underwriting requirements for a commercial mortgage loan with all costs being paid by the Borrower, whether or not the potential loan closes.
- Subject to the Bank's inspection of the Property and final committee approval.
- This term sheet shall expire on January 6, 2023, unless otherwise extended by the Bank.

The terms contained herein are acceptable and the Borrower authorizes the Bank to obtain committee approval and begin preparing the formal Commitment Letter.

7000 Carnation LLC,

By: _____
John Gregory, Manager

Guarantor

By: _____
Richard W Gregory, Individually

TOWNEBANK
WILLIAMSBURG

December 14, 2022

Richard W. Gregory
7000 Carnation, LLC
7 East Second Street
Richmond, VA 23224

Re: Equity Letter of Intent – Jaguar Holdings II, LLC

Dear Mr. Gregory:

This letter serves as a preliminary outline of terms of **TowneBank**, and or, its affiliates ("Investor") in making an equity investment in a limited liability company for purposes of developing and owning a low-income housing project to be known as 7000 Carnation, LLC (the "Project" or the "Apartment Complex").

Project. The Project will consist of the construction of **218** units all of which shall be affordable housing units for low-income households and the underlying land located in Richmond, Virginia.

Tax Credits. The Project has applied or will apply for a reservation of 4% federal low-income housing tax credits (the "Projected Federal Credits") totaling **$26,209,525** from the Virginia Housing Development Authority (the "Credit Agency").

The Company. The Project will be owned and operated by **Jaguar Holdings II, LLC**, a Virginia limited liability company (or such other entity acceptable to Investor) (the "Company"), with **Jaguar Holdings II, LLC**, a Virginia limited liability company (or such other entity acceptable to the Investor), as Managing Member, and Investor as Investor Member. Managing Member and Investor will enter into an Amended and Restated Operating Agreement (the "Operating Agreement"). Managing Member will own a **.01%** interest in the Company and Investor will own a **99.99%** interest in the Company as Investor Member (the "Percentage Interests").

Project Financing. Managing Member contemplates that the Company has or will obtain construction/permanent loan(s) from Virginia Housing Development Authority (the "VHDA") in the form of tax-exempt bonds and a taxable bridge loan among other potential sources.

Other Parties.

Developer. The developer shall be Lynx Ventures, Inc.

Guarantor. Managing Member, Richard W. Gregory and/or such other parties as the Investor shall require.

Property Manager. The Project's Property Manager shall be Drucker and Falk Property Management or such other Property Manager as shall be approved by the Investor.

General Contractor/Construction Contract. The General Contractor shall be KBS Inc. or such other General Contractor as shall be approved by the Investor. The general construction contract will be in form and substance acceptable to the Investor Member and with a fixed price or maximum guaranteed price acceptable to the Investor Member. The contract shall also include provisions for liquidated damages and the contractor shall provide either payment and performance bonds equal to 100% of the contract amount or an irrevocable letter of credit of at least 15% of the contract amount or such greater amount required by the Project lenders.

Capital Contributions. Investor will make a total Capital Contribution equal to **$24,110,351** (such amount to be adjusted upon receipt of final Projections). This investment is based on Projected Federal Credits in the amount of **$26,209,525** (such amount to be adjusted upon receipt of final Projections).

The Total Capital Contribution will be paid as follows:

Initial Installment Capital Contribution. **$6,027,588 (25%)** at admission of the Investor as the Investor Member of the Company. Subject to any lender requirements and Investor's final underwriting, a portion of the Initial Installment Capital Contribution shall be used to pay the developer fee.

Second Installment Capital Contribution. **$6,027,588 (25%)**, upon 50% completion.

Third Installment Capital Contribution. **$6,027,588 (25%)**, upon 100% completion as evidenced by Investor's receipt of certificates of occupancy for the Project.

Fourth Installment Capital Contribution. **$4,822,070 (20%)** upon (i) the Partnership's achievement of at least an average over three consecutive calendar months of a minimum of 1:15 to 1 debt service coverage on the Permanent Loan and (ii) initial occupancy by qualified tenants of all tax credit units ("Stabilization"). Subject to any lender requirements and Investor's final underwriting, a portion of the Fourth Capital Contribution shall be used to pay the developer fee.

Final Installment Capital Contribution. **$1,205,518 (5%)** upon Investor's receipt of 8609.

Managing Member and Guarantor Obligations.

Completion and Development Deficit Guaranty. Managing Member and Guarantors will guarantee lien-free completion of the Project in a good and workmanlike manner substantially in accordance with plans and specifications as approved by Investor. Managing Member and Guarantors will guarantee payment of all development costs, including all costs of achieving such lien-free completion, including all soft costs and construction period interest. Further, under this guaranty, and upon depletion of the rent-up reserve required by a Company lender (if any), Managing Member and Guarantors will guarantee payment of all operating costs through substantial completion as certified by the architect. The Completion and Development Deficit Guaranty will terminate upon the later date of (a) the date Investor's receipt of (a) the Architect's Substantial Completion Certificate (b) evidence of lien-free completion of the Project, each of which shall be satisfactory to Investor in its sole discretion and (c) all tax credit units have been leased to qualified tenants at least one time.

Operating Deficit Guaranty. Upon depletion of the lease-up and operating reserves (if any), Managing Member and Guarantors will agree to loan to the Company any amounts required to fund operating deficits arising after the expiration of the Completion and Development Deficit Guaranty. Any amounts so advanced will constitute interest-free loans repayable only out of future available cash flow or out of available proceeds of a sale or refinancing. The Operating Deficit Guaranty will terminate on the later of (i) five (5) years after the expiration of the Completion and Development Deficit Guaranty, or (ii) the Project's achievement for 2 consecutive years of operation of a 1.15 to 1 debt service coverage on the permanent Project loans.

Tax Credit Guaranty. Managing Member and the other Guarantors will indemnify Investor for failure to achieve less than 90% of the projected tax credits subject to terms and conditions to be set forth more particularly in the Operating Agreement and related documents.

Repurchase. Managing Member and Guarantors may be required to repurchase Investor's interest upon certain material events including failure to achieve completion by a predetermined date, failure to achieve Stabilization within 24 months of completion, loss of permanent financing commitments, or failure to place the Project in service prior to the date required by the Internal Revenue Code.

Adjuster Provisions. The Capital Contributions are based upon your projection of total federal Low-Income Housing Tax Credits of **$26,209,525** ("Original Projected Credit") allocated to Investor, which in turn is based upon certain assumptions and projections. During the due diligence period, the parties will determine the schedule setting forth the timing of the delivery of the federal tax credits. The actual amount of

Low-Income Housing Tax Credits may in fact change after the determination of eligible and qualified basis. Accordingly, the Capital Contribution may be adjusted when (i) final projections of the amount of Low-Income Housing Tax Credits are completed and/or (ii) upon or after actual completion of the project. Upon satisfaction of all conditions and prior to payment of the Final Capital Contribution, the Managing Member will provide the Investor with Revised Economic Projections and the Final Credit Amount determined by the Accountants.

Credit Adjuster. To the extent such final projected amount of Low-Income Housing Tax Credits varies from the Original Projected Credits, Investor's capital contribution will be adjusted upward or downward, as applicable, by **$.92** per federal credit on such variance in the delivery of actual credits to Original Project Credit.

Timing Adjuster. Investor's capital contribution will be adjusted to reflect the later than projected delivery of federal credits as determined during the due diligence period with respect to the first year and if applicable, the second year of the credit period in an amount equal to, on an after-tax basis, the difference between (a) the first or second year, as applicable, tax credit shortfall and (b) the present value as of December 31, 2025 (or such other date as determined by the Investor and set forth the Partnership) of receiving an amount equal to the first or second year, as applicable, tax credit shortfall on December 31, 2036 (or such other date as determined by the Investor and set forth the Partnership), using an **eight percent (8%) discount rate.**

Investor's capital contribution will be adjusted to reflect the earlier than projected delivery of federal credits as determined during the due diligence period with respect to the first year and if applicable, the second year of the credit period in an amount equal to, the product of (i) **$.92**, and (ii) the difference between (A) the first or second year, as applicable, credit excess, and (B) the present value as of December 31, 2025 (or such other date as determined by the Investor and set forth in the Partnership Agreement) of receiving an amount equal to the first or second year, as applicable, credit excess on December 31, 2036 (or such other date as determined by the Investor). The foregoing present value calculations shall be made using a **10% discount rate**.

In no event will the application of the above adjusters cause Investor's capital contribution to increase by more than 10% without approval from Investor's Investment Committee. If due to such adjusters, Investor's capital contributions are to be adjusted downward by more than the amount of Investor's then unpaid capital contributions, then Managing Member and Guarantors will guaranty payment of the shortfall in such adjustments. The Managing Member's and Guarantors' obligations will be more specifically set forth in the Operating Agreement and other related documents.

Allocation of Tax Credits, Depreciation, Profits and Losses. The Tax Credits, depreciation, operating profits and losses will be allocated in accordance with the Percentage Interests, provided that special allocations will be provided to insure that the allocations have substantial economic effect.

Distribution of Cash Flow.

Operating Cash Flow. Operating cash flow will be utilized as follows: (i) payment of any unpaid Credit Adjusters, (ii) additions to a funded capital replacement reserve required by a Company lender and the Operating Agreement, (iii) payment of any Deferred Developer Fee, (iv) repayment of any certain loans made by Managing Member to the Company, (v) up to ninety (90%) percent of then available operating cash flow to the Managing Member, (c) first as payment of an incentive management fee up to 6% of effective gross income and (b) then as a distribution and 10% to Investor.

Sale or Refinancing Proceeds. Distributions of proceeds from a sale or refinancing of the Project will be distributed as follows: (i) to the payment of all debts and liabilities of the Company, excluding those owed to the Partners (ii) to the payment of any unpaid fees, debts or obligations under the Operating Agreement and/or any documents executed in connection therewith,, if any, owed to Investor Member; (iii) to the Investor, in an amount equal to the Investor's exit taxes (to the extent such refinance is made in contemplation of the Investor Member's exit); (iv) to the repayment of secondary loans approved by the Investor; (v) to the Developer for any unpaid Deferred Development Fee (vi) to the payment of any unpaid fees, debts or obligations, if any, owed to the Managing Member, but only to the extent such fees, debts or obligations have been approved by the Investor; and (vii) the balance, 90.00% to the Managing Member, 10% to the Limited Partner.

Developer Fee. Developer will earn a Developer Fee, projected to be **$3,000,000**. The Developer Fee will be earned as follows: 20% at closing, 40% when the units are deemed occupiable by the Project architect, 25% on achievement of 95% qualified occupancy and 15% on receipt of IRS forms 8609. The Developer Fee will be paid as set forth in the Operating Agreement. The Managing Member and Guarantors will unconditionally guarantee payment of any developer fee remaining unpaid after **13** years from placement in service.

Property Manager Fee. The Property Manager will earn a fee equal to an amount as allowable by Project lenders, not to exceed **5.00%**. If the Property Manager is an affiliate of Managing Member, Guarantor, or Developer, then the Property Manager may be terminated as Property Manager in the event of the removal of Managing Member.

Investor Services Fee. An administrative fee of **$10,000** per year shall be paid to the Investor or one of its affiliates as an annual expense to the Company before the determination of distributable operating cash flow.

Replacement Reserve. **$300** per unit, or such greater amount required by any Project lender, to be funded from cash flow into a reserve account.

Operating Reserve. In such amount as may be required by any Project lender.

Investor Review. As set forth in the Operating Agreement, Investor will have the right, at the cost to the Company, to inspect the Project during and after construction and to review construction loan disbursement requests and other financial and operations matters of the Project and the Company.

Reporting. The Company will be required to prepare an audited financial statement by February 15th of each year as set forth in the Operating Agreement and, following an event of default under the Operating Agreement, the Company shall provide such additional quarterly and annual reports as the Investor may require, each in substance satisfactory to the Investor. The Managing Member will require the Property Manager to provide management reports to the Investor on a quarterly basis. Additionally, the Property Manager agent will provide operating reports, annual operating budgets, tax credit monitoring, audit and lender correspondence, certificates of insurance, inspection reports, tax credit certification documentation and such other information as Investor shall request.

Additional Operating Agreement Terms. The Operating Agreement will provide for customary covenants, rights to approve major Company matters, representations and warranties, defaults, remedies, and indemnities to be more fully described in the Operating Agreement. The Company will carry insurance acceptable to Investor.

Transfer of Investor Interest. Investor will have the right to transfer its interest in the Company, and to have the transferee admitted as a substitute limited partner to any affiliate of Investor (provided, however, prior to the funding of the Capital Contribution, any Investor's transfer shall be limited to transfers to affiliates of Investor). Any expenses associated with such transfer will be paid by Investor.

Transfer of Managing Member Interest. Managing Member will not sell, transfer, assign, pledge or encumber any portion of its interest in the Company without the prior written consent of Investor.

Bank Accounts. All bank accounts of the Company will be maintained with TowneBank.

Conditions to Closing. Investor's investment in the Company in accordance with this letter is subject to the satisfaction of the following conditions precedent on or before the Closing Date, which will occur on or before June 30, 2023.

Due Diligence. Investor's satisfactory due diligence review, in its sole and absolute discretion, of all matters pertaining to the Company, the Managing Member, the Guarantor, the Developer and the Project including, without limitation:

(1) the construction budget, the scope of work, the construction schedule, all required permits, the construction contract, and all other construction and development matters;

(2) title, survey, zoning, engineering and environmental matters (including Investor review and approval of (a) all environmental reports and (b) any applicable condominium/property owner's association documents);

(3) market studies, appraisals, financial projections prepared by accountants selected by Investor ("Projections") and all other matters regarding project feasibility;

(4) all aspects of the project's capital structure: the terms of all loans, grants, tax increment financing and equity contributions;

(5) debt service coverages, reserves, rental subsidies, income, expenses, and all other assumptions underlying the Projections;

(6) tax matters;

(7) government benefits, government consents, government requirements and all other regulatory aspects of the Project;

(8) all formation documents and government filings of the Company, the Managing Member and the Developer;

(9) the financial condition of the Company, the Managing Member and the Developer, including, without limitation, current financial statements of the Managing Member and its affiliates, verification of background information to be provided to the Investor by the Managing Member;

10) all other items as the Investor may reasonably request to satisfy its due diligence requirements, including, without limitation, those documents set forth on the Investor's closing checklist and or otherwise verify the accuracy of the representation and warranties and compliance with the covenants, duties and obligations to be set forth in the Operating Agreement.

Negotiation of Satisfactory Documentation. The negotiation of a final Operating Agreement and related documents (collectively the "Project Documents") that are satisfactory to Investor and Developer.

Opinions. Investor's receipt of corporate and tax opinions rendered by Investor's counsel satisfactory to Investor, in form and substance acceptable to Investor.

Consents. Receipt of all necessary consents of governmental authorities and lenders.

Title Insurance. Receipt of a title insurance policy in an amount and in a form acceptable to Investor, provided the amount of such title insurance must be at least equal to the aggregate of the Total Capital Contribution plus all Permanent Loans.

Miscellaneous. Receipt of other items or information reasonably required by Investor.

Transaction Expenses. The Company is responsible for all of Investor's transaction expenses including, without limitation, market analysis fees, accounting fees and the fees and expenses of its legal counsel. The Company's payment of Investor's legal fees shall be capped at **$40,000**, provided that no extraordinary issues result in Investor incurring fees in excess of **$40,000**, including without limitation, the occurrence of non-ordinary title/project diligence issues, extended document negotiations, non-ordinary tax issues or the Company's failure to close the transaction timely.

Termination. If the transaction contemplated by this letter fails to close by the Closing Date, as extended by the parties, this letter will be null and void and of no further force and effect, and, neither party will have any claim or demand whatsoever against the other party in connection with this letter, its execution or termination, except the Investor's transaction expenses identified above.

Right of First Refusal and Option To Purchase. For six months after the end of the 15 year tax credit compliance period, the Managing Member will have a right of first refusal to purchase the property and an option to purchase the Investor's limited partner interest for an amount equal to the greater of: (A) the fair market value of the Investor's interest in the Company or and (B) the sum of (i) all amounts due and owing to the Investor under the Operating Agreement plus (ii)all federal, state and local income taxes that would be incurred by the Investor Partner as a result of a sale of its interest in the Company.

Tax Disclosure. Notwithstanding anything to the contrary contained in the Operating Agreement or any other agreement between the parties hereto, or in any offering materials pertaining to the Project, Investor and each officer, employee, representative or agent of Investor may disclose to any and all persons, without limitation of any kind, (i) the tax treatment and tax structure of the Company and

any of the Company's transactions or activities, and (ii) all materials of any kind (including opinions and tax analysis) that are provided to Investor regarding its investment in the Company and/or such transactions or activities of the Company. This authorization as to tax disclosure is effective retroactively to the commencement of any discussions between the parties hereto or any of their agents or representatives.

Change in Law. As a condition to Investor's investment in the Company, from the date hereof until the date of closing, there shall be no Change in Law.

This letter is not intended as a commitment or offer by Investor or Company to invest in the Company or the Project but is intended only to summarize for discussion purposes the equity investment it is considering at this time. The terms as outlined in this letter are non-binding. Any agreement to proceed with this transaction is subject to negotiation of an Operating Agreement this is acceptable to both Investor and Managing Member, additional underwriting and due diligence including revision of tax-related technical details and appraisal reports and Investor Committee approval.

Please indicate your agreement and acceptance of the foregoing by signing this letter and returning it to the undersigned by December 16, 2022. We look forward to working with you on this transaction and appreciate the opportunity to be of service.

TowneBank

By: Anne C. H. Conner /ND
Anne C. H. Conner
President / Public Finance and Community Investment

Date: 12.14.2022

AGREED AND ACCEPTED:

Jaguar Holdings II, LLC

By: _____

Name: _____

Title: _____

Date: _____

Tab X:

Marketing Plan for units meeting accessibility requirements of HUD section 504

7000 Carnation

Marketing Plan

Revised 12/19/2022

Overview:

7000 Carnation is a 218-unit apartment community in Richmond, VA. Under the 4% LIHTC program, the project will utilize income averaging to restrict incomes and rents to 50%-70% of area median income.

50% AMI – 74 units

60% AMI – 70 units

70% AMI – 74 units

Apartment unit mix breakdowns are as follows:

1-BR / 1-Bath – 175 units

2-BR / 2-Bath – 32 units

3-BR / 3-Bath – 11 units

Target Audience:

The target audience are individuals, seniors and families that meet the income guidelines established for the community. Twenty-two units (10%) will be accessible units in conformance with Universal Design principles, and actively marketed to persons with disabilities.

Lease Up :

I. In Office Signage

A. The following interior signs should be used to enhance leasing efforts:

1. Fair Housing English/Spanish Wall Sign
2. Photo I.D. Required to View an Apartment

3. Open/Back at - Clock sign for door

4. Floorplan and building layout displays

5. Resident Referral program info

II. Curb Appeal

A. Bandit Signs – bandit signs will enhance leasing efforts during the lease up of the property. They will be placed along Hioaks and Carnation leading in to the property. The bandit signs will read as follows:

1. 1, 2, & 3 Bedrooms
2. Now Leasing!
3. Great Location!
4. Welcome Home! – Remove, not depictive
5. Check us Out! – Remove, not depictive
6. Get More for Less!
7. Amazing Resident Amenities
8. Bandits with Pictures only – Kitchen Photo, Fitness Center, Leasing clubroom, Pool
9. We love Pets!

B. Banners

It is recommended that a "Now Leasing!" Banner and vinyl balloons be placed at the entrance to the property.

III. Advertising Mediums

A. Print Media –

1) *Richmond Times-Dispatch*

Richmond's daily newspaper. It would be suggested that when we have management in place at a leasing center to run a small display ad one weekend a month.

2) *Richmond Daily Progress*

Published weekly on Thursdays.

B. Internet Locator Services

With Zillow's affordable pop up window making sure potential residents know we are affordable; they are the source most recommended for this project.

VHDA's housing search website Virginiahousingsearch.com must be set up as in order to advertise the affordable, accessible homes in compliance with VHDA's waiver requirements and unit availability standards. Facebook marketplace, Yelp, Rentlinx, Craigslist, and Google my business, are free and should all be set up. Craigslist listings will need to be done at a minimum of 3 times a day.

C. Community Contact Letters

Community contact letters should be sent to the following places no less than every 15 days. Letters should be sent, but not limited to the following places –

1. RRHA
   901 Chamberlayne Parkway
   Richmond, VA 23220

2. Richmond Behavioral Health Authority (RBHA)
   107 South Fifth Street
   Richmond, VA 23219

3. Department for Aging and Rehabilitative Services
   8004 Franklin Farms Drive
   Henrico, Virginia 23229

4. Resources for Independent Living, Inc.
   4009 Fitzhugh Avenue
   Richmond, Virginia 23230

5. Virginia Department for the Blind and Vision Impaired (VDBVI)

6. Virginia Department for Aging and Rehabilitative Services (DARS)

7. Virginia Board for People with Disabilities (VBPD)

8. Virginia Department for the Deaf and Hard of Hearing (VDDHH)

IV. Outreach Strategy

Outreach will be key in gaining community presence and knowledge. Flyers and or brochures should be distributed to demographically qualified agencies at least 3 times a week. Units will be held vacant for 60 days during which time ongoing marketing and outreach will be documented. Suggested resource centers and partnerships are -

A. RRHA - Management will form a strong relationship with the Richmond Housing Authority. A strong bond with RRHA is also beneficial to obtaining S8 voucher holders.

B. Neighboring health providers – reach out to nearby health practitioners (e.g., Chippenham Hospital, Center for Physical Therapy) to inform about affordable housing for persons with disabilities.

C. Greater Richmond Habitat for Humanity

D. Goodwill

E. VHDA's Multicultural Advisory Council - Representatives from multicultural organizations and businesses meet quarterly.

F. Public Libraries

G. Referral Program – Resident "testimonials" sell! It is recommended that residents receive $100 per referral. Promotions can be run throughout the year if needed.

H. YouTube – During construction, start a YouTube page and take hard hat tours to keep prospects up to date on the progress. Once homes are ready for viewing, post walk through videos of different floor plans to send to email leads and current applicants, highlighting the amenities and features of the homes.

I. Advertise as a drop off location for area donation events such as Food drives, Toys for Tots, backpack and school supply drives, Angle Tree, ect.

J. American Red Cross

K. Community Facebook page

L. Community Instagram page

V. Occupancy Procedures and Requirements

The applicant, with the assistance of the Development's property manager, will fill out a written application, which collects the following information to determine eligibility for the units:

i. Names of all persons who would be living in the unit, their sex, date of birth, and relationship to the family head

ii. Applicant's present address and telephone number;

iii. Family characteristics (e.g., persons with a disability) that might qualify the family for tenant selection preferences;

iv. Names and addresses of current and previous landlords for information about the applicant family's suitability as a tenant;

v. An estimate of the applicant family's anticipated income for the next twelve months and sources of that income;

vi. The names and addresses of employers, banks, and any other information the property manager would need to verify your income and deductions, and to verify the family composition; and

vii. To verify the information provided by the applicant, the Development's property manager will request certain documentation. For units set aside for persons with a disability, the applicant will be required to provide proof of a disability. The Development's property manager will also rely on direct verification from the applicant's employer, etc. The applicant will be asked to sign a form to authorize release of pertinent information to the Development's property manager.

To ensure compliance with income and other requirements for existing leases, the Development's property manager will conduct the following on-going functions:

i. Assure compliance with leases. The lease must be signed by all parties;

ii. Set other charges (e.g., security deposit, excess utility consumption, and damages to unit);

iii. Perform periodic reexaminations of the family's income at least once every 12 months;

iv. Transfer families from one unit to another, in order to correct over/under crowding, changes in income levels, and

v. Terminate leases when necessary.

Tab Y:

Inducement Resolution for Tax Exempt Bonds

INDUCEMENT DATE: 12/5/2022

Awaiting resolution from Virginia Housing