

MINUTES OF THE REGULAR MEETING
OF THE
BOARD OF DIRECTORS
WEST VIRGINIA HOUSING DEVELOPMENT FUND
October 28, 2020

The regular meeting of the Board of Directors of the West Virginia Housing Development Fund (the "Fund") was held on Wednesday, October 28, 2020 via telephone. The telephone number was made available to the public in the Notice of Meeting of the Board of Directors posted on the Secretary of State website, the Fund's website, and at the gate of the West Virginia Housing Development Fund. The Chair called the meeting to order at 9:03 a.m. with the following members present throughout, except where noted.

Ann Urling, Chair
Norman Bailey, Representative for the Honorable Kent Leonhardt, Commissioner of Agriculture
John Gianola, Member
Sam Kapourales, Member
Patrick Martin, Member
Wendy McCuskey, Member
Bob Nistendirk, Member
Josh Stowers, Representative for the Honorable John Perdue, Treasurer
Steven Travis, Representative for the Honorable Patrick Morrissey, Attorney General

Members Absent:

David Gardner, Member

Staff present:

Erica Boggess, Executive Director
Tammy Bonham, Division Manager - Loan Servicing
Julie Davis, Deputy Director - Production
George Gannon, Communications Administrator
Trisha Hess, Senior Manager - Accounting
Chad Le port, Division Manager - Finance and Federal Financial Compliance
Martha Lilly, Legal Assistant- Compliance
Kelley Ridling, Senior Manager - Internal Audit
Lori Ryan, Executive Assistant
Kristin Shaffer, Senior Legal Counsel
Nathan Testman, Senior Division Manager- Multifamily Lending
Dorothy White, Federal Compliance Officer
Crystal Toney, Deputy Director-Administration
Michelle Wilshere, Senior Manager - Low Income Housing Tax Credit Program

Others Present:

Sam me Gee - Jackson Kelly PLLC

Kelly Goes - Jackson Kelly PLLC

APPROVAL OF THE MINUTES OF SEPTEMBER 23, 2020,
MEETING

Representative Norman Bailey moved the approval of the minutes of the September 23, 2020 meeting. His motion was seconded by Representative Josh Stowers and, upon the affirmative vote of the eight (8) members present, the Chair declared the motion adopted.

FINANCIAL STATEMENTS FOR THE PERIOD ENDED
SEPTEMBER 30, 2020

Crystal Toney presented the financial statements for the period ended September 30, 2020. The financials were accepted as presented.

Member Wendy McCuskey joined the meeting.

APPROVAL OF BOND AUTHORIZING RESOLUTION FOR
CONDUIT FINANCING OF UP TO \$5,500,000 FOR THE
ACQUISITION AND REHABILITATION OF CHARLES TOWERS

Julie Davis requested the Board's approval of the Bond Authorizing Resolution for the Charles Towers Apartments project and explained that the Board approved a Bond Inducement Resolution on behalf of Charles Towers Associates, LP at the August 26, 2020 meeting.

Ms. Davis stated that the bond issuance will be in an amount not to exceed \$5,500,000 and that the bonds are required to qualify the project for 4% tax credits. The Fund will serve as the conduit issuer, which will provide Charles Towers Associates, LP, the Borrower, access to the tax-exempt market. The bond proceeds, along with other funds, will provide the Borrower with financing for the acquisition and rehabilitation of Charles Towers Apartments, an 82-unit residential housing project for seniors located in Charles Town, WV. The rehabilitation of Charles Towers Apartments will preserve the long-term affordability of this property. The bonds have an expected maturity of June 1, 2023. The maximum interest rate will not exceed 12%.

Ms. Davis stated that staff is asking the Board's approval of the Bond Authorizing Resolution for the project approving the following: The issuance of the Bonds in an amount not to exceed \$5,500,000, the execution and delivery of the Bonds, providing parameters for establishing the provisions for redemption, maturity and interest rate and other terms of the Bonds, appointing the Executive Director as the issuer representative to approve final terms and bond pricing within such parameters, the execution and delivery of a Trust Indenture, the execution and delivery of a Loan Agreement, the execution and delivery of a Bond Purchase Agreement, approving a preliminary official statement and authorizing an official statement, appointing bond counsel, general counsel, underwriter, financial advisor, trustee, registrar and paying agent, the approval of the allocation of Bond Volume Cap to the Bonds, authorizing the execution and delivery of other documents, and, all other actions relating to such financing in substantially the form presented.

Member Bob Nistendirk moved the approval of the Bond Authorizing Resolution and bond documents in substantially the form presented. His motion was seconded by Member Sam Kapourales, and, upon the affirmative vote of the nine (9) members present, the Chair declared the motion adopted.

A copy of the Bond Authorizing Resolution along with supporting documents is attached as Exhibit A.

CONSIDERATION OF PROPOSED 2021 AND 2022 QUALIFIED
ALLOCATION PLAN AND TAX CREDIT PROGRAM MANUAL

Michelle Wilshere gave a brief overview of the Low-Income Housing Tax Credit Program. Ms. Wilshere stated that, as required by Section 42 of the Internal Revenue Code, the 2021 and 2022 Allocation Plan will be subject to public hearing and presented to the Governor for his signature. Ms. Wilshere stated that proposed changes to the Plan are outlined in the Board packet and explained that if substantive changes are made to the Plan following the public hearing, staff will bring the changes back to the Board for approval before forwarding the 2021-2022 Plan to the Governor for his approval.

Member Patrick Martin moved to approve the Low-Income Housing Tax Credit Program 2021-2022 Qualified Allocation Plan. His motion was seconded by Member John Gianola, and, upon the affirmative vote of the nine (9) members present, the Chair declared the motion adopted.

A copy of the October 14, 2020 Memorandum summarizing the Proposed 2021-2022 Plan changes for the Low-Income Housing Tax Credit Program is attached as Exhibit B.

Ms. Wilshere presented the 2021-2022 Low-Income Housing Tax Credit Manual and explained that the Tax Credit Manual is the Fund's operational guide for the Low-Income Housing Tax Credit Program.

Ms. Wilshere informed the Board that proposed changes to the Manual are outlined in the Board packet. Ms. Wilshere stated that the Manual is not subject to public hearing or Governor's approval, and staff is requesting approval of the Manual in substantially the form submitted.

Member Martin moved to approve the Low-Income Housing Tax Credit Program 2021-2022 Tax Credit Manual. His motion was seconded by Representative Bailey, and, upon the affirmative vote of the nine (9) members present, the Chair declared the motion adopted.

A copy of the October 14, 2020 Memorandum summarizing the Proposed 2021-2022 Tax Credit Manual changes for the Low-Income Housing Tax Credit Program is attached as Exhibit C.

EXECUTIVE SESSION TO DISCUSS LEGAL MATTERS
PURSUANT TO W. VA. CODE §6-9A-4(b)(7) AND EXECUTIVE
SESSION TO DISCUSS MATTERS INVOLVING
COMMERCIAL COMPETITION. WHICH IF MADE PUBLIC,
MIGHT ADVERSELY AFFECT THE FINANCIAL OR OTHER
INTEREST OF THE STATE OR ANY POLITICAL SUBDIVISION
PURSUANT TOW. VA CODE §6-9A-4(b)(9)

Representative Stowers moved that the Board enter Executive Session to discuss legal matters pursuant to W. Va. Code §6-9A-4(b)(7) and Executive Session to discuss matters involving commercial competition, which if made public, might adversely affect the financial or other interest of the State or any Political Subdivision pursuant to W. Va. Code §6-9A-4(b)(9). His motion was seconded by Member Gianola, and, upon the affirmative vote of the nine (9) members present, the Chair declared the motion adopted. The Board adjourned into Executive Session at 9:30 a.m.

The Executive Session concluded at 10:03 a.m. Chair Urling stated that no action took place during the Executive Session.

DISPOSFFION OF PREMIER PARK

Member Martin moved the approval for staff to take all actions necessary for the disposition of Premier Park. His motion was seconded by Member Gianola, and, upon the affirmative vote of the nine (9) members present, the Chair declared the motion adopted.

ADJOURNMENT

There being no further business, Member Gianola moved to adjourn the meeting. His motion was seconded by Member Martin. Meeting adjourned at 10:04 a.m.


Martha Lilly, Assistant Secretary

WEST VIRGINIA HOUSING DEVELOPMENT FUND BOND AUTHORIZING RESOLUTION

RESOLUTION AUTHORIZING AND DIRECTING THE ISSUANCE, EXECUTION AND DELIVERY OF NOT TO EXCEED \$5,500,000 AGGREGATE PRINCIPAL AMOUNT OF THE ISSUER'S MULTIFAMILY HOUSING REVENUE BONDS, SERIES 2020 (CHARLES TOWERS); PROVIDING PARAMETERS FOR ESTABLISHING THE PRINCIPAL AMOUNT, PROVISIONS FOR REDEMPTION AND MATURITY OF, AND RATE OF INTEREST ON AND OTHER TERMS AND PROVISIONS OF SUCH BONDS; APPOINTING THE EXECUTIVE DIRECTOR AS THE REPRESENTATIVE OF THE ISSUER TO APPROVE THE FINAL TERMS AND PRICING OF THE BONDS WITHIN SUCH PARAMETERS; AUTHORIZING THE EXECUTION AND DELIVERY OF A TRUST INDENTURE, A LOAN AGREEMENT AND A BOND PURCHASE AGREEMENT WITH RESPECT TO THE BONDS; APPROVING A PRELIMINARY OFFICIAL STATEMENT AND AUTHORIZING AN OFFICIAL STATEMENT WITH RESPECT TO THE BONDS; APPOINTING BOND COUNSEL, GENERAL COUNSEL, AN UNDERWRITER, A FINANCIAL ADVISOR AND A TRUSTEE, REGISTRAR AND PAYING AGENT FOR THE BONDS; APPROVING THE ALLOCATION OF THE ISSUER'S PRIVATE ACTIVITY BOND VOLUME CAP TO THE BONDS; AND AUTHORIZING THE EXECUTION AND DELIVERY OF OTHER DOCUMENTS AND THE TAKING OF ALL OTHER ACTIONS RELATING TO SUCH FINANCING.

WHEREAS, the West Virginia Housing Development Fund (the "Issuer"), under Chapter 31, Article 18 of the Code of West Virginia, 1931, as amended (the "Act"), has plenary power and authority to issue revenue bonds to finance the cost of the acquisition, rehabilitation and equipping of residential housing projects;

WHEREAS, Charles Towers Associates, L.P., a West Virginia limited partnership (the "Borrower"), has requested that the Issuer assist the Borrower in the acquiring, rehabilitating and equipping of privately owned real and personal property known as Charles Towers and containing approximately 82 affordable living units in a multi-family rental housing building for low income seniors, located at 151 Augustine Avenue, Charles Town, West Virginia, and the payment of certain costs and expenses related thereto (collectively, the "Project");

WHEREAS, the Issuer has found and determined and does hereby find and determine that, in order to provide adequate and improved residential housing for citizens of the State of West Virginia, at reasonable cost, it is desirable and appropriate for the Issuer to assist in the financing of the Project;

WHEREAS, the Borrower has requested that the Issuer issue not to exceed \$5,500,000 aggregate principal amount of Multifamily Housing Revenue Bonds, Series 2020 (Charles Towers) (collectively, the "Bonds") for the purpose of assisting in the financing of the Project;

WHEREAS, the Issuer's private activity bond volume cap is required to be allocated to the Bonds, and the Issuer desires that such allocation be made as described herein;

WHEREAS, the Bonds will be issued by the Issuer and will be secured under and pursuant to a Trust Indenture (the "Indenture") between the Issuer and Zions Bancorporation, National Association, as trustee (the "Trustee");

WHEREAS, the Borrower has requested that the Issuer lend the proceeds of the Bonds to the Borrower pursuant to the terms of a Loan Agreement between the Issuer and the Borrower (the "Loan Agreement"), and the proceeds of the Bonds will be used to accomplish the Project;

WHEREAS, as security for the Loan Agreement, the Borrower shall execute a Note and such other documents as reasonably requested by the Issuer as security therefor;

WHEREAS, the Bonds will be sold pursuant to a Bond Purchase Agreement (the "Purchase Agreement"), among the Issuer, the Borrower and Stifel, Nicolaus & Company, Incorporated (the "Underwriter"), to be dated as of the date of execution and delivery of the Certificate of Determinations, as hereinafter defined;

WHEREAS, it is anticipated that the Issuer will deliver and the Underwriter will distribute a preliminary official statement (the "Preliminary Official Statement") and an official statement (the "Official Statement") in connection with the marketing and sale of the Bonds;

WHEREAS, the Governor of the State of West Virginia has given his direction to the Issuer, pursuant to and in accordance with §5-1-28 of the Code of West Virginia, 1931, as amended, to issue the Bonds, and has given his approval for the issuance of the Bonds after a public hearing following reasonable public notice as required by the Internal Revenue Code of 1986, as amended (the "Code");

WHEREAS, certain actions are required to be taken by the Issuer as a prerequisite to the issuance and sale of the Bonds, and the Issuer desires to take such actions; and

WHEREAS, the enactment of this Resolution constitutes action giving final approval for the issuance of the Bonds.

NOW, THEREFORE, BE IT RESOLVED BY THE BOARD OF THE WEST VIRGINIA HOUSING DEVELOPMENT FUND (THE "BOARD OF DIRECTORS") AS FOLLOWS:

Section 1. Approval of the Project and the Bonds. It is hereby found and determined that the Bonds should be issued, that the financing of the Project for the Borrower is a public purpose of the Issuer, promotes the public purposes under the Act and is in the public interest and that the Project satisfies the requirements of the Act.

Section 2. Approval of Allocation of Volume Cap to Bonds. The allocation to the Bonds of a portion of the Issuer's unused private activity bond volume cap for calendar year 2017 is hereby approved.

Section 3. Approval of Bond Documents. Draft forms of the Indenture, the Loan Agreement, the Purchase Agreement and the Preliminary Official Statement (hereinafter collectively referred to as the “Bond Documents”) have been prepared and presented to the Issuer. The Bond Documents substantially in the form submitted at this meeting shall be and the same are hereby approved. The Executive Director is authorized to negotiate and approve the final forms and content of the Bond Documents under such terms and conditions as are acceptable to the Executive Director and the Borrower, with such changes, insertions and omissions as may be approved by the Executive Director. The Executive Director and Assistant Secretary are hereby authorized, empowered and directed to execute (as applicable) and deliver the appropriate Bond Documents prior to or simultaneously with the issuance of the Bonds for and on behalf of the Issuer, in the forms and upon those terms and conditions as approved by the Executive Director, and such approval shall be conclusively evidenced by the execution and/or delivery, as applicable, of the Bond Documents by the Executive Director, Assistant Secretary or other authorized officer of the Issuer.

Section 4. Issuance of and Terms of Bonds. To accomplish the purpose of the Act, and to assist in the financing of the Project, the issuance of the Bonds in the principal amount of not to exceed \$5,500,000 is hereby authorized and directed. The Bonds shall be dated their date of original issuance, shall mature no later than June 1, 2024, and shall bear interest at a fixed rate to be established in accordance with the Indenture, not to exceed 12%, with the final principal amount, dated date, maturity date, interest rate, redemption provisions and other terms of the Bonds to be approved by the Executive Director and set forth in a Certificate of Determinations (the “Certificate of Determinations”) to be dated the date of the Purchase Agreement and delivered the date of delivery of the Bonds, such approval to be evidenced by the execution by the Executive Director of the Certificate of Determinations. The Bonds shall be in the denominations and in registered form, be payable in the medium of payment and at such places, be subject to redemption prior to maturity and be entitled to payment pursuant to the Indenture, all as provided in the Indenture as finally approved by the Executive Director as described above. The Bonds shall be sold to the Underwriter pursuant to the Purchase Agreement at such price as may be approved by the Executive Director of the Issuer and by the Borrower, such approval to be evidenced by the execution by the Executive Director and by the Borrower of the Purchase Agreement setting forth such price. All of the provisions of the Indenture and the Certificate of Determinations, when executed and delivered as authorized herein, shall be deemed to be part of this Resolution as fully and to the same extent as if incorporated herein and shall be in force and effect from the date of the execution thereof.

Section 5. Bonds to Constitute Special, Limited Obligations. The Bonds are secured by and payable from payments made by the Borrower under the Loan Agreement that are available to the Trustee pursuant to the Indenture, and the funds and accounts pledged under the Indenture, subject only to the provisions of the Indenture permitting the application thereof for the purposes and on the terms and conditions set forth in the Indenture. The Bonds are further secured by an assignment to the Trustee of the right, title and interest of the Issuer in the Loan Agreement and the Note. The Bonds are special, limited obligations of the Issuer and are not a lien or charge upon the funds or property of the Issuer, except to the extent of the aforementioned pledge and assignment under the Indenture. The Bonds shall not constitute general obligations of the Issuer or the State of West Virginia and under no circumstances shall the Bonds be payable from, nor shall the holders thereof have any rightful claim to, any income, revenues, funds or assets of the

Issuer other than those pledged under the Indenture as security for the payment of the Bonds. The Bonds shall not be a moral obligation of the Issuer or in any way be secured by any assets of the Issuer other than as set forth in the Indenture.

Section 6. Appointments. At the request of the Borrower, the Issuer hereby appoints the following:

(a) Stifel, Nicolaus & Company, Incorporated is hereby appointed as the underwriter for the Bonds. The Executive Director is hereby authorized and directed, upon advice of counsel, to enter into the Purchase Agreement with the Underwriter and the Borrower. It is understood by the Issuer that the Underwriter will be compensated only from the proceeds of the Bonds or other funds available to the Borrower.

(b) Hawkins Delafield & Wood LLP (“Bond Counsel”) is hereby appointed as bond counsel to the Issuer in connection with the issuance of the Bonds. It is understood by the Issuer that Bond Counsel will be compensated only from the proceeds of the Bonds or other funds available to the Borrower.

(c) Jackson Kelly PLLC (“General Counsel”) is hereby appointed as general counsel to the Issuer in connection with the issuance of the Bonds. It is understood by the Issuer that General Counsel will be compensated only from the proceeds of the Bonds or other funds available to the Borrower.

(d) Piper Sandler & Co. (the “Financial Advisor”) is hereby appointed as financial advisor to the Issuer in connection with the issuance of the Bonds. It is understood by the Issuer that the Financial Advisor will be compensated only from the proceeds of the Bonds or other funds available to the Borrower.

(e) Zions Bancorporation, National Association, is hereby appointed as trustee, registrar and paying agent for the Bonds under the Indenture.

Section 7. Authentication of Bonds. The Trustee is hereby requested to authenticate and register the Bonds in accordance with the Indenture and to deliver them upon the order of the Executive Director.

Section 8. Investment of Funds. The Trustee shall be, by virtue of this Resolution and without further authorization from the Issuer, authorized, directed and requested to invest and reinvest all moneys available therefor pursuant to the Indenture, which by the terms of the Indenture may be invested, or to deposit and redeposit such moneys in such accounts as may be permitted by the Indenture at the direction of the Borrower, all subject to the terms and limitations contained in the Indenture.

Section 9. Continuing Disclosure. The Issuer shall have no responsibility to undertake or complete any continuing disclosure related to the Bonds, and such responsibility shall be solely that of the Borrower or its designated agent.

Section 10. Official Statement.

(a) The distribution by the Underwriter of a Preliminary Official Statement in such form as shall be approved and “deemed final” by the Executive Director in accordance with

Rule 15c2-12 promulgated by the Securities and Exchange Commission is hereby authorized and approved.

(b) The preparation and distribution of the final Official Statement relating to the Bonds is hereby authorized in such form as may be approved by the Executive Director, such approval to be evidenced by the execution by the Executive Director of such final Official Statement; and the delivery by the Underwriter to prospective purchasers of the Bonds of the final Official Statement is hereby authorized and approved. The Executive Director shall execute and deliver the Official Statement with such changes, insertions and omissions as may be approved by the Executive Director. In executing the Official Statement, the Executive Director shall with respect to all matters, other than that portion of the Official Statement which relates to the Issuer, be entitled to rely upon the certificate of the Borrower with respect to such Official Statement. The execution of the Official Statement by the Executive Director in reliance upon the certificate of the Borrower shall be conclusive evidence of any approval required by this Section.

Section 11. Indemnification. Subject to the provisions of, and as set forth in, the Indenture and the Loan Agreement, the Borrower shall defend, indemnify and hold the Issuer and its officials harmless from and against any and all loss, cost, expense, claim or action arising out of or connected with the adoption of this Resolution and the consummation of the transactions provided for herein and contemplated hereunder.

Section 12. Personal Liability. None of the present or future employees, officers or Board of Directors of the Issuer, or any person executing the Bonds or the documents relating thereto, shall be personally liable for the Bonds or any other obligation relating to the issuance of the Bonds or be subject to any personal liability by reason of the issuance of the Bonds.

Section 13. Formal Actions. The Issuer hereby finds and determines that all formal actions relative to the adoption of this Resolution were taken in open meetings of the Issuer, and that all deliberations of the Issuer which resulted in formal action were taken in meetings open to the public, in full compliance with all applicable notice and other legal requirements.

Section 14. Incidental Actions. The Executive Director, Assistant Secretary or other authorized officer of the Issuer are hereby authorized and directed to execute and deliver a tax certificate and agreement between the Issuer and the Borrower (the "Tax Certificate and Agreement"), a regulatory agreement by and among the Issuer, the Trustee and the Borrower (the "Regulatory Agreement"), and such other documents, agreements, instruments and certificates and to take such other actions as may be necessary or appropriate in order to effectuate the execution, delivery and receipt, or any thereof, of the Bond Documents and the issuance and sale of the Bonds, and for carrying out the transactions contemplated therein, all in accordance with the Act, the Code and this Resolution, including any action necessary with respect to The Depository Trust Company or the blue sky laws of any state. The execution, delivery and due performance, as applicable, of the Bond Documents, the Tax Certificate and Agreement, the Regulatory Agreement and such other documents, agreements, instruments and certificates as noted above are hereby in all respects approved, authorized, ratified and confirmed, including all acts heretofore taken in connection with the issuance of the Bonds.

Section 15. Expenses and Fees. All expenses incurred by the Issuer in connection with the issuance of the Bonds, including any administrative fees of the Issuer and the issuance fee as specified in the Issuer's then current Debt Management Policy, shall be paid to or reimbursed to the Issuer from the proceeds of the Bonds or other funds available to the Borrower.

Section 16. Governing Law. The laws of the State of West Virginia shall govern the construction of this Resolution and of all Bonds issued under the Indenture.

Section 17. Severability. If any section, paragraph, clause or provision of this Resolution shall be held invalid, such invalidity shall not affect any of the remaining provisions of this Resolution.

Section 18. Effective Date; Repeal of Inconsistent Resolutions. This Resolution shall take effect immediately upon its adoption, and all prior resolutions or parts thereof inconsistent herewith are hereby repealed.

Adopted this 28th day of October, 2020.

WEST VIRGINIA HOUSING DEVELOPMENT
FUND

By: _____
Executive Director

CERTIFICATION

I, _____, duly appointed Assistant Secretary of the West Virginia Housing Development Fund, do hereby certify that the foregoing is a true and accurate copy of a Resolution adopted by the Board of Directors of the West Virginia Housing Development Fund at its meeting of the Board of Directors on October 28, 2020.

Dated: _____, 2020

Assistant Secretary

BONDS SHALL BE LIABLE PERSONALLY ON THE BONDS BY REASON OF THE ISSUANCE THEREOF. THE BONDS AND THE INTEREST THEREON SHALL NOT BE A DEBT OF THE STATE OR ANY POLITICAL SUBDIVISION THEREOF (OTHER THAN THE ISSUER) AND NEITHER THE STATE NOR ANY POLITICAL SUBDIVISION THEREOF (OTHER THAN THE ISSUER) SHALL BE LIABLE THEREON, NOR IN ANY EVENT SHALL SUCH BONDS BE PAYABLE OUT OF ANY FUNDS OR PROPERTIES OTHER THAN THOSE OF THE ISSUER PLEDGED THEREFOR PURSUANT TO THE INDENTURE. THE BONDS SHALL NOT CONSTITUTE AN INDEBTEDNESS WITHIN THE MEANING OF ANY CONSTITUTIONAL OR STATUTORY DEBT LIMITATION OR RESTRICTION. THE ISSUER HAS NO TAXING POWER.

No recourse under or upon any obligation, covenant or agreement contained in the Indenture or in any Bond or under any judgment obtained against the Issuer, or by the enforcement of any assessment or by any legal or equitable proceedings by virtue of any constitution or statute or otherwise or under any circumstances under or independent of the Indenture, shall be had against any commissioner, officer, agent or employee, as such, past, present or future, of the Issuer, whether serving in his or her official or individual capacity, either directly or through the Issuer, or otherwise, for the payment for or to the Issuer or any receiver thereof, or for or to the owner of any Bond issued thereunder or otherwise of any sum that may be due and unpaid by the Issuer upon any such Bond. Any and all personal liability of every nature, whether at common law or in equity, or by statute or by constitution or otherwise of any such incorporator, commissioner, officer, agent or employee, as such, to respond by reason of any act or omission on his or her part or otherwise, for the payment for or to the owner of any Bond of any sum that may remain due and unpaid upon the Bonds or any of them is, by the acceptance hereof, hereby expressly waived and released as a condition of and consideration for the execution of the Indenture and the issuance of the Bonds.

This Bond is one of a duly authorized issue of Multifamily Housing Revenue Bonds, Series 2020 (Charles Towers) (the “**Bonds**”), issuable under the Trust Indenture dated as of _____ 1, 2020 (the “**Indenture**”), between the Issuer and the Trustee, aggregating in principal amount \$ _____ and used for the purpose of financing a loan (the “**Loan**”) to be made to Charles Towers Associates, L.P., a West Virginia limited partnership (the “**Borrower**”). The Loan will be used by the Borrower to pay a portion of the costs of acquiring, rehabilitating, equipping and improving the Project, as defined in the Indenture, as further provided in the Loan Agreement dated as of even date with the Indenture (the “**Loan Agreement**”), between the Issuer and the Borrower. The Bonds are special limited obligations of the Issuer, issued or to be issued under and are to be secured and entitled equally and ratably to the protection given by the Indenture. The Bonds are issued pursuant to, under authority of and in compliance with the laws of West Virginia, and particularly the West Virginia Housing Development Fund Act, constituting Article 18 of Chapter 31 of the Code of West Virginia, 1931, as amended (the “**Act**”), and a resolution duly adopted by the Issuer on [October 28], 2020. The Bonds are subject to redemption and tender prior to their stated maturity as follows:

(a) Optional Redemption. The Bonds are subject to optional redemption in whole or in part by the Issuer at the written direction of the Borrower on the Initial Remarketing Date at a redemption price of 100% of the principal amount of such Bonds to be redeemed plus accrued interest thereto. If the Bonds are not redeemed in whole on the Initial Remarketing Date, the

Borrower, in consultation with the Remarketing Agent, may establish an optional redemption date with respect to any subsequent Remarketing Period and, thereafter, the Bonds are subject to optional redemption in whole or in part by the Issuer at the written direction of the Borrower on or after the applicable redemption date at a redemption price of 100% of the principal amount of such Bonds to be redeemed plus accrued interest to the applicable redemption date.

(b) Mandatory Tender. The Bonds are subject to mandatory tender in whole on each Mandatory Tender Date. Holders will not have the right to elect to retain their Bonds. Upon presentation and surrender of the Bonds by the Holder on the date fixed for tender, the Holder shall be paid the principal amount of the Bonds to be tendered, plus accrued interest on such Bonds to the tender date.

Reference is made to the Indenture for a more complete description of the Project, the provisions, among others, with respect to the nature and extent of the security for the Bonds, the rights, duties and obligations of the Issuer, the Trustee and the Holders of the Bonds, and the terms and conditions upon which the Bonds are issued and secured. Each Holder assents, by its acceptance hereof, to all of the provisions of the Indenture.

The Borrower is required by the Loan Agreement to cause the FHA Lender (as defined in the Indenture) to deliver on its behalf Eligible Funds to the Trustee to be used to secure payment of the principal of and interest (the “**Bond Service Charges**”) on the Bonds. In the Indenture, the Issuer has assigned to the Trustee, to provide for the payment of the Bond Service Charges on the Bonds, the Issuer’s right, title and interest in and to the Loan Agreement, except for Reserved Rights as defined in the Indenture. To secure its compliance with certain covenants in the Loan Agreement, the Borrower has executed and delivered the Regulatory Agreement with HUD Rider relating to the Project (the “**Bond Regulatory Agreement**”) among itself, the Trustee and the Issuer, dated as of even date with the Indenture.

Copies of the Indenture, the Loan Agreement, and the Bond Regulatory Agreement, are on file in the designated corporate trust office of the Trustee.

The Bond Service Charges on the Bonds are payable solely from the Revenues, as defined and as provided in the Indenture (being, generally, the amounts payable under the Loan Agreement and any unexpended proceeds of the Bonds), and are an obligation of the Issuer only to the extent of the availability of Revenues. The Bonds are not secured by an obligation or pledge of any money raised by taxation and do not represent or constitute a debt or pledge of the faith and credit of the Issuer.

The Bonds are issuable only as fully-registered bonds and, except as hereinafter provided, in printed or typewritten form, registered in the name of Cede & Co. as nominee of The Depository Trust Company, New York, New York (“**DTC**”), which shall be considered to be the Holder for all purposes of the Indenture, including, without limitation, payment by the Issuer of Bond Service Charges, and receipt of notices to, giving of consents by and exercise of rights of, Holders. There shall be a single Bond representing each maturity, and all Bonds shall be immobilized in the custody of DTC with the owners of beneficial interests in those Bonds (the “**book entry interests**”) having no right to receive from the Issuer Bonds in the form of physical securities or certificates. Ownership of book entry interests in the Bonds shall be shown by book entry on the system

maintained and operated by DTC, its participants (the “**Participants**”) and certain persons acting through the Participants, and transfers of ownership of book entry interests shall be made only by that book entry system, the Issuer and the Trustee having no responsibility therefor. DTC is to maintain records of the positions of Participants in the Bonds, and the Participants and persons acting through Participants are to maintain records of the purchasers and owners of book entry interests in the Bonds. The Bonds as such shall not be transferable or exchangeable, except for transfer to another Depository (as defined in the Indenture) or to another nominee of a Depository, without further action by the Issuer and otherwise at the expense of the Borrower.

If any Depository determines not to continue to act as a Depository for the Bonds for use in a book entry system, the Issuer may attempt to have established a securities depository/book entry system relationship with another qualified Depository under the Indenture. If the Issuer does not or is unable to do so, the Issuer and the Trustee, after the Trustee has made provision for notification of the owners of book entry interests by the then Depository, shall permit withdrawal of the Bonds from the Depository, and authenticate and deliver Bond certificates in fully registered form (in denominations of \$5,000 or any integral multiple thereof) to the assignees of the Depository or its nominee, all at the cost and expense (including costs of printing or otherwise preparing and delivering replacement Bond certificates) of those persons requesting such authentication and delivery, if the event is not the result of Issuer action or inaction (including action at the request of the Borrower).

The Indenture permits certain amendments or supplements to the Indenture, the Loan Agreement, the Bond Regulatory Agreement and the Note not prejudicial to the Holders to be made without the consent of or notice to the Holders, and certain other amendments or supplements thereto to be made with the consent of the Holders of not less than a majority in aggregate principal amount of the Bonds then Outstanding.

The Holder of each Bond has only those remedies provided in the Indenture.

The Bonds shall not constitute the personal obligation, either jointly or severally, of any officer or director of the Issuer.

This Bond shall not be entitled to any security or benefit under the Indenture or be valid or become obligatory for any purpose until the certificate of authentication hereon shall have been signed.

It is certified and recited that there have been performed and have happened in regular and due form, as required by law, all acts and conditions necessary to be done or performed by the Issuer or to have happened (a) precedent to and in the issuing of the Bonds in order to make them legal, valid and binding limited obligations of the Issuer, and (b) precedent to and in the execution and delivery of the Indenture and the Loan Agreement; that payment in full for the Bonds has been received; and that the Bonds do not exceed or violate any constitutional or statutory limitation.

This Bond shall not be entitled to any security or benefit under the Indenture or be valid or become obligatory for any purpose until the certificate of authentication hereon shall have been signed.

In the event of any conflict between the terms of this Bond and the Indenture, the terms of the Indenture shall control.

IN WITNESS OF THE ABOVE, the Issuer has caused this Bond to be to be executed and delivered by the manual or facsimile signature of its duly authorized officer and attested by the manual or facsimile signature of its Assistant Secretary as of the day and year first written above.

**WEST VIRGINIA HOUSING
DEVELOPMENT FUND**

(SEAL)

By: _____
Authorized Officer

ATTEST:

By: _____
Assistant Secretary

CERTIFICATE OF AUTHENTICATION

This Bond is one of the Bonds described in the within-mentioned Indenture.

Date of Registration and Authentication: _____, 2020.

**ZIONS BANCORPORATION, NATIONAL
ASSOCIATION**
as Trustee

By: _____
Name: _____
Title: _____

ASSIGNMENT

For value received, the undersigned hereby sells, assigns and transfers unto _____ the within Bond and irrevocably constitutes and appoints _____ attorney to transfer that Bond on the books kept for registration thereof, with full power of substitution in the premises.

Dated: _____

Signature Guaranteed:

Signature guarantee shall be made by a guarantor institution participating in the Securities Transfer Agent Medallion Program or in such other guarantee program acceptable to the Registrar.

Notice: The assignor's signature to this assignment must correspond with the name as it appears upon the face of the within Bond in every particular, without alteration or any change whatever.

Please insert social security number or other tax identification number of transferee

DTC FAST RIDER

Each Bond shall remain in the Trustee's custody subject to the provisions of the FAST Balance Certificate Agreement currently in effect between the Trustee and DTC.

EXHIBIT C
FORM OF REQUISITION
(Costs of Issuance Fund)

ZIONS BANCORPORATION, NATIONAL ASSOCIATION, as Trustee

Re: \$_____ West Virginia Housing Development Fund Multifamily Housing Revenue
 Bonds, Series 2020 (Charles Towers)

Trustee:

You are requested to disburse funds from the Costs of Issuance Fund pursuant to Section 4.05 of the Indenture in the amount(s), to the person(s) and for the purpose(s) set forth in this requisition (the "Requisition"). The terms used in this requisition shall have the meaning given to those terms in the Trust Indenture dated as of _____ 1, 2020 (the "Indenture"), by and between the West Virginia Housing Development Fund, as issuer, and Zions Bancorporation, National Association, as trustee, securing the above referenced Bonds.

REQUISITION NO.: _____

PAYMENT DUE TO: _____

AMOUNT TO BE DISBURSED: \$_____

The undersigned, on behalf of Charles Towers Associates, L.P., a West Virginia limited partnership, certifies that:

(a) the expenditures for which money is requisitioned by this Requisition represent proper charges against the Costs of Issuance Fund, have not been included in any previous requisition and are set forth in the Schedule attached to this Requisition, with invoices attached for any sums for which reimbursement is requested; and

(b) the money requisitioned is not greater than those necessary to meet obligations due and payable or to reimburse the applicable party for funds actually advanced for Costs of Issuance.

Date of Requisition: _____

[Signature Page Follows]

CHARLES TOWERS ASSOCIATES, L.P., a West Virginia
limited partnership

By: AAP Charles Towers, LLC, a West Virginia
limited liability company,
its general partner

By: _____
Name: Kevin Orth
Title: Manager

LOAN AGREEMENT

Dated as of [December 1], 2020

between

WEST VIRGINIA HOUSING DEVELOPMENT FUND

and

CHARLES TOWERS ASSOCIATES, L.P.

[\$5,500,000]

West Virginia Housing Development Fund
Multifamily Housing Revenue Bonds, Series 2020
(Charles Towers)

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(This Index is not a part of the Agreement
but rather is for convenience of reference only.)

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LOAN AGREEMENT

THIS LOAN AGREEMENT made and entered into as of [December 1], 2020 between the **WEST VIRGINIA HOUSING DEVELOPMENT FUND**, a public body corporate and governmental instrumentality of the State of West Virginia (together with its successors and assigns, the “**Issuer**”), and **CHARLES TOWERS ASSOCIATES, L.P.**, a West Virginia limited partnership (the “**Borrower**”), under the following circumstances summarized in the following recitals (the capitalized terms not defined in the recitals being used therein as defined in Article I hereof):

RECITALS

WHEREAS, the Issuer has been created pursuant to certain Acts of the Legislature of the State of West Virginia, constituting Article 18 of Chapter 31 of the Code of West Virginia, 1931, as amended (the “**Act**”); and

WHEREAS, the Issuer is permitted under the Act to issue bonds to make loans for the construction, rehabilitation, improvement, purchase, or refinancing of residential housing in the State of West Virginia; and

WHEREAS, the Issuer determined it to be in furtherance of the public purposes of the Act to issue its Multifamily Housing Revenue Bonds, Series 2020 (Charles Towers) in the aggregate principal amount of \$[5,500,000] (the “**Bonds**”) pursuant to a Trust Indenture (the “**Indenture**”), dated as of even date with this Agreement, between the Issuer and Zions Bancorporation, National Association, as trustee (the “**Trustee**”) and to use the proceeds of the Bonds to make a loan in the aggregate principal amount of \$[5,500,000] (the “**Loan**”) to the Borrower, to finance, refinance or reimburse a portion of the costs of the acquisition, rehabilitation and equipping of an 82-unit multifamily housing development to be owned and operated as an affordable multifamily rental housing project for seniors, to be known as Charles Towers, located at 151 Augustine Avenue, Charles Town, Jefferson County, West Virginia (the “**Project**”) to be occupied by persons of low or moderate income in compliance with Section 142(d) of the Internal Revenue Code of 1986, as amended (the “**Code**”); and

WHEREAS, the Project is to be rehabilitated on the land described in Exhibit A hereto (the “**Land**”); and

WHEREAS, the obligations of the Borrower to make payments to the Issuer under this Loan Agreement will be evidenced by a Note dated December __, 2020 (the “**Note**”) in the principal amount of \$_____; and

WHEREAS, contemporaneously with the issuance of the Bonds and making of the Loan, the Borrower is obtaining a separate mortgage loan with respect to the Project from Capital One, National Association (the “**FHA Lender**”) in the principal amount of \$[7,000,000], to be insured by FHA pursuant to Section 207 pursuant to Section 223(f) of the National Housing Act (the “**FHA Mortgage Loan**”); and

WHEREAS, the obligations of the Borrower to make payments to the FHA Lender under the FHA Mortgage Loan will be evidenced by a promissory note dated as of [December 1], 2020

(the “FHA Note”), which FHA Note will be secured by a Multifamily Credit Line Deed of Trust, Assignment of Leases and Rents and Security Agreement on the Project for the benefit of the FHA Lender, dated as of [December 1], 2020 (the “FHA Mortgage”); and

WHEREAS pursuant to a Disbursement Agreement dated as of the date hereof (the “Disbursement Agreement”) between the FHA Lender and the Borrower, the Borrower will cause the FHA Lender to deliver certain Eligible Funds (defined in the Indenture), which Eligible Funds shall be additional security for the repayment of the Loan and the Bonds and shall be part of the Trust Estate pledged therefor; and

WHEREAS, the Issuer and the Borrower each have full right and lawful authority to enter into this Agreement and to perform and observe the provisions hereof on their respective parts to be performed and observed;

NOW THEREFORE, in consideration of the premises and the mutual representations and agreements hereinafter contained, the Issuer and the Borrower agree as follows (provided that any obligation of the Issuer created by or arising out of this Agreement shall never constitute a general debt of the Issuer or give rise to any pecuniary liability of the Issuer but shall be payable solely out of Revenues):

ARTICLE I

DEFINITIONS

Section 1.1. Use of Defined Terms. In addition to the words and terms defined elsewhere in this Agreement, the words and terms in this Agreement shall have the meanings set forth in the Trust Indenture (the “Indenture”), dated as of the date of this Agreement between the Issuer and the Trustee.

Section 1.2. Interpretation. Any reference herein to the Issuer or to any officer or director thereof includes officials succeeding to their respective functions, duties or responsibilities pursuant to or by operation of law or lawfully performing their functions.

Any reference to a section or provision of the Constitution of the State or the Act, or to a section, provision or chapter of the Code of West Virginia or to any statute of the United States of America, includes that section, provision or chapter as amended, modified, revised, supplemented or superseded from time to time; provided, that no amendment, modification, revision, supplement or superseding section, provision or chapter shall be applicable solely by reason of this provision, if it constitutes in any way an impairment of the rights or obligations of the Issuer, the Holders, the Trustee or the Borrower under this Agreement.

Unless the context indicates otherwise, words importing the singular number include the plural number, and vice versa; the terms “hereof,” “hereby,” “herein,” “hereto,” “hereunder” and similar terms refer to this Agreement; and the term “hereafter” means after, and the term “heretofore” means before, the date of delivery of the Bonds. Words of any gender include the correlative words of the other genders, unless the sense indicates otherwise.

Section 1.3. Captions and Headings. The captions and headings in this Agreement are solely for convenience of reference and in no way define, limit or describe the scope or intent of any Articles, Sections, subsections, paragraphs, subparagraphs or clauses hereof.

ARTICLE II

REPRESENTATIONS

Section 2.1. Representations of the Issuer. The Issuer represents that: (a) it is a public body corporate and governmental instrumentality of the State; (b) it has or will have as of the Closing Date duly accomplished all conditions necessary to be accomplished by it prior to the issuance and delivery of the Bonds and the execution and delivery of the Issuer Documents; (c) it is not in violation of or in conflict with any provisions of the laws of the State that would impair its ability to carry out its obligations contained in the Issuer Documents; (d) it has the legal right and is empowered to enter into the transactions contemplated by the Issuer Documents; (e) it has duly authorized the execution, delivery and performance of the Issuer Documents; and (f) it will do all things in its power in order to maintain its existence or assure the assumption of its obligations under the Issuer Documents by any successor public body. The Issuer makes no representation or warranty, express or implied, that the proceeds of the Bonds will be sufficient to finance the acquisition, rehabilitation and equipping of the Project or that the Project will be adequate or sufficient for the Borrower's intended purpose.

Section 2.2. Representations, Warranties and Covenants of the Borrower. The Borrower represents, warrants and covenants that:

(a) The Borrower is a limited partnership duly formed and in full force and effect under the laws of the State of West Virginia is in good standing and duly qualified to transact business in the State and not in violation of any provision of any applicable Organizational Documents and is authorized to own and operate the Project in the State.

(b) The Borrower has full power and authority to execute, deliver and perform the Borrower Documents and to enter into and carry out the transactions contemplated by those documents. The execution, delivery and performance of the Borrower Documents do not, and will not, violate any provision of law applicable to the Borrower and do not, and will not, conflict with or result in a default under any agreement or instrument to which the Borrower is a party or by which it is bound. The Borrower Documents have, by proper action, been duly authorized, executed and delivered by the Borrower and all steps necessary have been taken to constitute the Borrower Documents valid and binding obligations of the Borrower, enforceable in accordance with their terms except as may be limited by laws relating to bankruptcy, insolvency, reorganization or moratorium or other similar laws affecting creditors' rights.

(c) The Borrower was formed on March 16, 2020. The general partner of the Borrower is AAP Charles Towers, LLC, a West Virginia limited liability company (the "General Partner"). The Borrower does not currently operate or conduct any business except as related to the financing, ownership, operation and rehabilitation of the Project. The Borrower has no material assets or property other than its anticipated interest in the Project.

(d) The General Partner (1) is a West Virginia limited liability company, duly formed and qualified to transact business in the State of West Virginia, and (2) has the requisite legal authority to become and to act as the general partner of the Borrower.

(e) The provision of financial assistance to be made available to it under this Agreement and the commitments therefor made by the Issuer have induced the Borrower to undertake the transactions contemplated by this Agreement.

(f) The Borrower will use and operate the Project in a manner consistent with the Act and in accordance with the Bond Regulatory Agreement for as long as required by the Act and the Code and knows of no reason why the Project will not be so operated. If, in the future, there is a cessation of that operation, the Borrower will use its best efforts to resume that operation or accomplish an alternate use by the Borrower or others approved by the Issuer which will be consistent with the Act, the Code and the Bond Regulatory Agreement.

(g) The Project will materially be completed in accordance with the Plans and Specifications and the portion of the Project funded with the proceeds of the Bonds will constitute a qualified residential rental project within the meaning of Section 142(d) of the Code and will be operated and maintained in such manner as to conform in all material respects with all applicable zoning, planning, building, environmental and other applicable Governmental regulations and as to be consistent with the Act.

(h) The Project will be located entirely within the jurisdiction of the Issuer.

(i) The Borrower has obtained or will obtain all consents, approvals, permits, authorizations and orders of any governmental or regulatory agency that are required to be obtained by the Borrower as a condition precedent to the issuance of the Bonds, the execution and delivery of the Borrower Documents or the performance by the Borrower of its obligations thereunder, or that were or are required for the acquisition, rehabilitation, equipping and/or operation of the Project.

(j) No litigation at law or in equity or proceeding before any governmental agency involving the Borrower is pending or, to the best of its knowledge, threatened in which any liability of the Borrower is not adequately covered by insurance or in which any judgment or order would have a material adverse effect upon the business or assets of the Borrower or that would affect its existence or authority to do business, the acquisition, rehabilitation, equipping or operation of the Project, the validity of any Borrower Documents or the performance of its obligations thereunder.

(k) The Borrower is not in default in the payment of the principal of or interest on any of its indebtedness for borrowed money and is not in material default under any instrument under and subject to which any indebtedness has been incurred, and no event has occurred and is continuing that, under the provisions of any such agreement, with the lapse of time or the giving of notice, or both, would constitute an event of default by the Borrower thereunder.

(l) The Borrower is not in default under or in violation of, and the execution, delivery and compliance by the Borrower with the terms and conditions of the Borrower Documents do not and will not conflict with or constitute or result in a default by the Borrower in

any material respect under or violate, (i) the Borrower's organizational documents, (ii) any agreement or other instrument to which the Borrower is a party or by which it or its assets are bound, or (iii) to the best of its knowledge, any constitutional or statutory provision or order, rule, regulation, decree or ordinance of any court, government or governmental authority having jurisdiction over the Borrower or its property, and no event has occurred and is continuing which, with the lapse of time or the giving of notice, or both, would constitute or result in such a default or violation.

(m) The Borrower has received and reviewed a copy of the Indenture and approves the terms and conditions thereof and agrees to the terms thereof.

(n) The Borrower has filed or caused to be filed all federal, state and local tax returns that are required to be filed or has obtained appropriate extensions therefor, and has paid or caused to be paid all taxes as shown on said returns or on any assessment received by it, to the extent that such taxes have become due.

(o) Neither the Borrower nor any related Person thereto shall acquire any Bonds in any amount.

(p) The Borrower will have a fee interest in the Land and will have absolute ownership of the improvements and personal property comprising the Project, and there are no liens or encumbrances of record against such property other than the FHA Mortgage Loan Documents.

(q) The Borrower acknowledges, represents and warrants that it understands the nature and structure of the transactions relating to the financing of the Project; that it is familiar with the provisions of all of the documents and instruments relating to such financing to which it or the Issuer is a party or of which it is a beneficiary; that it understands the risks inherent in such transactions, including, without limitation, the risk of loss of the Project; and that it has not relied on the Issuer or its counsel for any guidance or expertise in analyzing the financial or other consequences of the transactions contemplated by this Agreement and the Indenture or otherwise relied on the Issuer or its counsel in any manner.

(r) The Project is, as of the Closing Date, in compliance with all requirements of the Bond Regulatory Agreement, including all applicable requirements of the Act and Code. The Borrower intends to cause the residential units in the Project to be rented or available for rental on a basis which satisfies the requirements of the Bond Regulatory Agreement, including all applicable requirements of the Act and the Code. All current leases comply, and all future leases will comply, with all applicable laws and the Bond Regulatory Agreement. The Project meets the requirements of this Agreement, the Bond Regulatory Agreement, the Act and the Code with respect to multifamily rental housing.

(s) [RESERVED].

(t) The proceeds of the Bonds shall be used or deemed used exclusively to pay costs that (i) are (A) costs of a type that are properly chargeable to capital account (or would be so chargeable with a proper election) and (B) not made for the acquisition of existing property, to the extent prohibited in Section 147(d) of the Code, and (ii) are made exclusively with respect to a

“qualified residential rental project” within the meaning of Section 142(d) of the Code and that for the greatest number of buildings the proceeds of the Bonds shall be deemed allocated on a pro rata basis to each building in the Project and the land on which it is located so that each building and the land on which it is located will have been financed fifty percent (50%) or more by the proceeds of the Bonds for the purpose of complying with Section 42(h)(4)(B) of the Code; provided, however, the foregoing representation, covenant and warranty is made for the benefit of the Borrower and its partners and neither the Trustee nor the Issuer shall have any obligation to enforce this covenant nor shall they incur any liability to any person, including without limitation, the Borrower, the partners of the Borrower, any other affiliate of the Borrower or the holders of the Bonds for any failure to meet the intent expressed in the foregoing representation, covenant and warranty; and provided further, failure to comply with this representation, covenant and warranty shall not constitute a default or event of default under this Agreement or the Indenture.

The Borrower acknowledges that the representations and covenants herein made by the Borrower have been expressly and specifically relied upon by the Issuer in determining to make the Loan to the Borrower and the Loan would not have been made but for such representations and covenants.

ARTICLE III

PLAN OF FINANCING

Section 3.1. Issuance of Bonds; Application of Proceeds. To provide Loan funds for purposes of assisting the Borrower in paying Project Costs, the Issuer shall simultaneously with the execution and delivery hereof proceed with the issuance and delivery of the Bonds upon receipt by the Trustee of the items listed in Section 2.11 of the Indenture. The Issuer agrees to deposit the proceeds of sale of the Bonds in accordance with the Indenture.

The Bonds will be issued pursuant to the Indenture in the aggregate principal amount of \$_____, will bear interest, will mature and will be subject to redemption, mandatory tender and remarketing as set forth therein. The Borrower hereby approves the terms and conditions of the Indenture and the Bonds, and the terms and conditions under which the Bonds will be issued, sold and delivered and will comply with those provisions of the Indenture that contemplate action by the Borrower, all as if the Borrower were a party to the Indenture.

Pending disbursement pursuant to Section 3.6 hereof, the proceeds of the Bonds deposited in the Project Fund shall constitute a part of the Revenues assigned by the Issuer to the Trustee as security for the payment of Bond Service Charges as provided in the Indenture.

Section 3.2. The Loan. The Issuer agrees, upon the terms and conditions herein, to make the Loan to the Borrower with the proceeds received by the Issuer from the sale of the Bonds by causing such proceeds to be deposited with the Trustee for disposition as provided in the Indenture. The obligation of the Issuer to fund the Loan shall be deemed fully discharged, and the principal amount of the Bonds shall be deemed fully advanced to the Borrower under the Note, upon the deposit of the proceeds of the Bonds with the Trustee. The Loan shall be evidenced by the Note payable to the Trustee.

Section 3.3. FHA Mortgage Loan to Borrower. To provide and secure funds for the repayment of the Loan, and to provide for the delivery of certain Eligible Funds, the Borrower shall simultaneously with the execution and delivery hereof, proceed with obtaining the FHA Mortgage Loan from the FHA Lender and entering into the Disbursement Agreement. In particular, the Borrower will promptly take all necessary actions on its part to close the FHA Mortgage Loan and to satisfy all other terms and conditions of the FHA Commitment and the requirements of the FHA Lender.

The Borrower represents that the FHA Mortgage Loan is to be insured by FHA pursuant to and in accordance with the provisions of Section 207 pursuant to Section 223(f) of the National Housing Act and applicable regulations thereunder, and that the FHA Mortgage Loan will be in the maximum original principal amount of \$[7,000,000]. The FHA Mortgage Loan will be secured on a non-recourse basis pursuant to the FHA Mortgage Loan Documents.

In connection with the FHA Mortgage Loan, the Borrower shall execute and deliver such documents as may be customarily utilized for insured mortgage loans under the provisions of Section 207 pursuant to Section 223(f) of the National Housing Act and applicable regulations thereunder, with such omissions, insertions and variations as may be permitted by such regulations and as may be consistent with the terms and provisions of this Agreement.

The Borrower shall cause the FHA Lender to deliver to the Trustee certain Eligible Funds in an aggregate amount at least equal to the par amount of Bonds issued under the Indenture pursuant to Section 4.2 herein for deposit into the Collateral Fund to enable the Trustee to disburse an equal amount of Bond proceeds from the Project Fund as approved by the FHA Lender in connection with a completed and fully executed disbursement request in the form attached hereto as Exhibit B.

Section 3.4. Acquisition, Rehabilitation, Installation, Equipment and Improvement. The Borrower (a) has acquired a fee interest in the Land, and shall rehabilitate, improve and equip the Project with all reasonable dispatch and in material accordance with the Plans and Specifications, (b) shall pay when due all fees, costs and expenses incurred in connection with that acquisition, rehabilitation, installation, equipment and improvement from funds made available therefor in accordance with this Agreement or otherwise, except to the extent being contested in good faith, and (c) shall ask, demand, sue for, levy, recover and receive all those sums of money, debts and other demands whatsoever which may be due, owing and payable under the terms of any contract, order, receipt, writing and instruction in connection with the acquisition, rehabilitation, improvement and equipping of the Project, and shall enforce the provisions of any contract, agreement, obligation, bond or other performance security with respect thereto. It is understood that the Project is that of the Borrower and any contracts made by the Borrower with respect thereto, whether acquisition contracts, construction contracts or otherwise, or any work to be done by the Borrower on the Project are made or done by the Borrower in its own behalf and not as agent or contractor for the Issuer. The Borrower agrees that it will compensate all workers employed in the rehabilitation, improvement, and equipping of the Project as required by law.

Section 3.5. Plans and Specifications. The Plans and Specifications have been or shall be filed with the Issuer. The Borrower may revise the Plans and Specifications from time to time, as approved by the FHA Lender, provided that no revision shall be made that would change the

purpose of the Project to other than purposes permitted by the Act and the Bond Regulatory Agreement; and provided further that no material revision of the Plans and Specifications shall be made unless the Borrower has first delivered to the Issuer and the Trustee a narrative description of the proposed revision accompanied by a certificate of the Authorized Borrower Representative certifying (i) the change in Project Costs resulting from the revision and that the moneys then on deposit in the Project Fund together with other identified available moneys will be sufficient to pay in full the Project Costs including the change in Project Costs resulting from such revision, and (ii) that any such revisions of the Plans and Specifications have been delivered to and approved (where applicable) by the Issuer.

The sources and uses contemplated by the plan of financing for the Project are set forth in Exhibit D hereto, and at or prior to the execution and delivery of this Agreement, the Borrower shall provide to the Issuer evidence acceptable to the Issuer, in its sole discretion, of the availability of all financing contemplated by the plan of financing for the Project including, without limitation (and without regard to whether the immediate availability of such financing is a condition to undertaking the Project), the anticipated equity portion of the financing and all other public and private financing and any interim or bridge financing to be provided in anticipation of the closing of any of the foregoing aspects of the financing therefor. Any material changes in the plan of financing of the Project or to any information contained in Exhibit D shall be communicated promptly in writing to the Issuer and, before any such change or changes take effect, the Issuer shall receive an Opinion of Bond Counsel that such change or changes, in and of itself, shall not adversely affect the Federal Tax Status of the Bonds. Copies of all documents evidencing that financing, and the security therefor, all in form reasonably acceptable to the Issuer, shall have been provided to the Issuer.

Section 3.6. Disbursements from the Project Fund. Subject to the provisions below, disbursements from the Project Fund shall be made only to pay any of the following Project Costs:

(a) Costs incurred directly or indirectly for or in connection with the acquisition, rehabilitation, improvement and equipping of the Project, including costs incurred in respect of the Project for preliminary planning and studies; architectural, legal, engineering, accounting, consulting, supervisory and other services; labor, services and materials; and recording of documents and title work.

(b) Premiums attributable to any surety bonds and insurance required to be taken out and maintained during the rehabilitation period with respect to the Project.

(c) Taxes, assessments and other governmental charges in respect of the Project that may become due and payable during the rehabilitation period.

(d) Costs incurred directly or indirectly in seeking to enforce any remedy against any contractor or subcontractor in respect of any actual or claimed default under any contract relating to the Project.

(e) Subject to the limitations set forth in the Tax Certificate and Agreement, Costs of Issuance of the Bonds, including, financial, legal, accounting, printing and engraving fees, charges and expenses, and all other such fees, charges and expenses incurred in connection with

the authorization, sale, issuance and delivery of the Bonds, including, without limitation, the fees and expenses of the Trustee properly incurred under the Indenture that may become due and payable during the rehabilitation period.

(f) Any other costs, expenses, fees and charges properly chargeable to the cost of acquisition, rehabilitation, improvement and equipping of the Project.

(g) Payment of interest on the Bonds.

(h) Payments to the Rebate Fund.

Any disbursement from the Project Fund for the payment of Project Costs shall be made by the Trustee only upon satisfaction of all of the following conditions:

(i) The receipt by the Trustee of notice and instruction of a completed disbursement request (a "Disbursement Request") in the form attached hereto as Exhibit B, signed by an Authorized Borrower Representative and approved by the FHA Lender, providing the amount of the disbursement request (a "Disbursement Amount") and the expected date of disbursement (a "Disbursement Date").

(ii) Promptly upon receipt of a completed and fully-executed Disbursement Request, the Trustee will confirm in writing to the FHA Lender (A) the Disbursement Amount, (B) that the account balance of the Collateral Fund plus the account balance of the Project Fund will be at least equal to the then-outstanding principal amount of the Bonds after such disbursement and (C) whether the Trustee has actual knowledge that an Event of Default (as determined in accordance with Section 5.02(f) of the Indenture) or a Determination of Taxability has occurred. If an Event of Default or a Determination of Taxability has occurred to the knowledge of the Trustee, the Trustee shall make no further disbursements from the Project Fund so long as such Event of Default or Determination of Taxability continues to exist except in accordance with the final paragraph of Section 4.04 of the Indenture.

(iii) Upon receipt of confirmation from the Trustee of the matters described in clause (ii) above and on or before the expected Disbursement Date, the FHA Lender will transfer to the Trustee, by immediately available funds, certain Eligible Funds equal to the Disbursement Amount as indicated in the related Disbursement Request, in order to enable the Trustee to disburse funds from the Project Fund on the expected Disbursement Date.

(iv) Upon receipt by the Trustee from the FHA Lender of certain Eligible Funds in an amount equal to the Disbursement Amount as indicated in the related Disbursement Request, such Eligible Funds shall be deposited in the Collateral Fund as provided in Section 4.2 hereof. In the event that the amount of Eligible Funds received by the Trustee (in the aggregate or individually if indicated to be funded from more than one source in the Disbursement Request) does not equal the total amount of the Disbursement Request, the Trustee shall promptly return such Eligible Funds to the FHA Lender.

(v) Upon satisfaction of the conditions set forth in clauses (i) through (iv) above, the Trustee shall be unconditionally and irrevocably obligated to disburse funds

from the Project Fund in accordance with the Disbursement Request. If any conditions are not met, such Eligible Funds must be wired back to the FHA Lender. The Trustee shall disburse funds from the Project Fund in accordance with the instructions contained in the Disbursement Request (A) on the same Business Day that it receives Eligible Funds in the event the Trustee receives Eligible Funds with respect to such Disbursement Request prior to 1:00 PM Local Time on such Business Day or (B) on the next succeeding Business Day if the Trustee receives Eligible Funds after 1:00 PM Local Time. If for any reason the Trustee is not able to disburse a corresponding amount of Bond proceeds immediately following receipt of Eligible Funds from the FHA Lender for deposit into the Collateral Fund, the Trustee shall promptly wire transfer such Eligible Funds back to the FHA Lender and not deposit the same into the Collateral Fund.

The Borrower hereby acknowledges and agrees that it shall submit disbursement requests to the Trustee no more frequently than once each calendar month. Each such disbursement request shall be consecutively numbered. Proceeds of the Bonds disbursed pursuant to the provisions of this Agreement may only be used to pay those Project Costs identified in the Sources and Uses of Funds attached hereto as Exhibit D, as it may be amended pursuant to the agreement of FHA, the FHA Lender and the Borrower.

The Borrower's right to request disbursements from the Project Fund is limited to the principal amount of the Loan.

The Borrower agrees that it will not request disbursement for any item not described in, or the cost for which item is other than as described in, the notice of public hearing pertaining to the Bonds unless the Borrower provides to the FHA Lender, with a copy to the Trustee and the Issuer, an Opinion of Bond Counsel to the effect that such disbursement will not adversely affect the Federal Tax Status of the Bonds.

Any money in the Project Fund remaining after the Completion Date and payment, or provision for payment, in full of the Project Costs, at the written direction of the Authorized Borrower Representative, shall promptly be paid into the Bond Fund for payment of Bond Service Charges and, following payment of all such Bond Service Charges, shall promptly be paid to the Costs of Issuance Fund, the Rebate Fund or the Expense Fund or used to pay Additional Payments, as maybe directed in writing by the Borrower.

Notwithstanding any provision of this Agreement or any provision of the Indenture to the contrary, the Trustee shall not disburse funds from the Project Fund unless and until the Trustee confirms that the account balance of the Collateral Fund plus the account balance of the Project Fund, less the amount of the requested disbursement from the Project Fund, is at least equal to then-outstanding principal amount of the Bonds.

Section 3.7. Disbursement Agreement. The Borrower shall execute the Disbursement Agreement to coordinate the funding of a portion of the Project Costs with proceeds of the Bonds by directing, among other things, the FHA Lender to deliver to the Trustee certain Eligible Funds in exchange for an equal amount of Bond proceeds to be disbursed from the Project Fund, representing all or a portion of the advances under the FHA Mortgage Loan under the Indenture pursuant to and consistent with Section 3.6 hereof and Sections 4.04 and 4.06 of the Indenture.

Section 3.8. Borrower Required to Pay Costs in Event Project Fund Insufficient. If money in the Project Fund is not sufficient to pay all Project Costs, the Borrower, nonetheless, will complete the Project in accordance with the Plans and Specifications and shall pay all such additional Project Costs from its own funds. The Borrower shall pay all Costs of Issuance of the Bonds in excess of the amount permitted by the Tax Certificate and Agreement. The Borrower shall not be entitled to any reimbursement for any such additional Project Costs or payment of Costs of Issuance from the Issuer, the Trustee or any Holder; nor shall it be entitled to any abatement, diminution or postponement of any Loan Payments or other amounts to be paid under this Agreement.

Section 3.9. Completion Date. The Borrower shall notify the Issuer and the Trustee of the Completion Date by the delivery of a Completion Certificate signed by the Authorized Borrower Representative substantially in the form of Exhibit C attached hereto. The Completion Certificate shall be delivered as promptly as practicable after the occurrence of the events and conditions referred to in paragraphs (a), (b), and (d) of the Completion Certificate and an accountant's determination has been made that the representation in Section 2.2(s) is true and correct.

Section 3.10. Remarketing of Bonds. The Borrower is hereby granted the right to (a) request a remarketing of the Bonds in the manner and to the extent set forth in Section 3.07 of the Indenture and (b) with the written consent of the Remarketing Agent (which consent shall not be unreasonably withheld), designate the length of the Remarketing Period and the related Mandatory Tender Date in the manner and to the extent set forth in Sections 3.05 and 3.07 of the Indenture.

Section 3.11. Investment of Fund Money. At the written request of the Authorized Borrower Representative, any money held as part of any of the Special Funds or the Rebate Fund shall be invested or reinvested by the Trustee in Eligible Investments as provided in the Indenture. The Issuer (to the extent within its control) and the Borrower each hereby covenants that it will restrict that investment and reinvestment and the use of the proceeds of the Bonds in such manner and to such extent, if any, as may be necessary, after taking into account reasonable expectations at the time of delivery of and payment for the Bonds or subsequent intentional acts, so that the Bonds will not constitute arbitrage bonds under Section 148 of the Code. No provision of this Agreement shall be construed to impose upon the Trustee any obligation or responsibility for compliance with arbitrage regulations.

The Borrower shall provide the Issuer with, and the Issuer may base its certifications as authorized by the Tax Certificate and Agreement on, a certificate of an Authorized Borrower Representative for inclusion in the transcript of proceedings for the Bonds, setting forth the reasonable expectations of the Borrower on the date of delivery of and payment for the Bonds regarding the amount and use of the proceeds of the Bonds and the facts, estimates and circumstances on which those expectations are based.

Section 3.12. Rebate Calculations and Payments. If required by the terms of the Tax Certificate and Agreement, the Borrower shall appoint a Rebate Analyst, the expense of which shall be borne by the Borrower.

At the times required by the Tax Certificate and Agreement, the Borrower shall cause the Rebate Analyst to calculate the Rebate Amount as of the end of that Bond Year or the date of such payment and the Rebate Analyst shall notify the Trustee and the Borrower of that amount. If the amount then on deposit in the Rebate Fund created under the Indenture is less than the Rebate Amount (taking into account the amount or amounts, if any, previously paid to the United States), the Borrower shall, within thirty (30) days after the date of the aforesaid calculation, deposit or cause to be deposited to the credit of the Rebate Fund an amount sufficient to cause the Rebate Fund to contain an amount equal to the Rebate Amount. The obligation of the Borrower to make or cause to be made such payments shall remain in effect and be binding upon the Borrower notwithstanding the release and discharge of the Indenture or the termination of this Agreement. The Borrower shall obtain such records of the computations made pursuant to this Section as are required under Section 148(f) of the Code and shall retain such records for at least six (6) years after the maturity or retirement of the Bonds.

The Borrower further covenants that, during the term of the Bonds, in the event the Borrower sells or otherwise disposes of the Project (subject to Section 5.2 hereof), it will require that the transferee execute a covenant similar to that in this Section in the sale or other documents concerning the disposition and will require such transferee to include such a covenant in future transfer documents. The special covenants of the Borrower in this Section shall survive the defeasance or payment in full of the Bonds notwithstanding any other provision of this Agreement until the requirements for payment of any Rebate Amount has been fully satisfied.

ARTICLE IV

LOAN PAYMENTS; ELIGIBLE FUNDS AND ADDITIONAL PAYMENTS

Section 4.1. Loan Repayment; Delivery of Note. In consideration of and in repayment of the Loan, the Borrower shall deliver or cause to be delivered to the Trustee on or before each Bond Payment Date, Loan Payments, equal to the amount necessary to pay interest on and principal of the Bonds due on the next Bond Payment Date. All such Loan Payments shall be paid to the Trustee in accordance with the terms of the Note for the account of the Issuer and shall be held and disbursed in accordance with the provisions of the Indenture and this Agreement.

The Borrower shall be entitled to a credit against the Loan Payments required to be made with respect to the Bonds on any date equal to the available money in the Bond Fund or transferred thereto from the Collateral Fund or the Project Fund for the payment of Bond Service Charges on that date.

To secure the Borrower's performance of its obligations under this Agreement, the Borrower shall execute and deliver, concurrently with the issuance and delivery of the Bonds, the Note and the Bond Regulatory Agreement.

The Note shall secure equally and ratably all Outstanding Bonds, except that, so long as no Event of Default has occurred and is subsisting hereunder, payments by the Borrower on the Note shall be used by the Trustee to make a like payment of Bond Service Charges and shall constitute Loan Payments.

Upon payment in full, in accordance with the Indenture, of the Bond Service Charges on any or all Bonds, whether at maturity or otherwise, or upon provision for the payment thereof having been made in accordance with the provisions of the Indenture, (a) the Note shall be deemed fully paid, the obligations of the Borrower thereunder shall be terminated, and the Note shall be surrendered by the Trustee to the Borrower, and shall be canceled by the Borrower, or (b) an appropriate notation shall be endorsed thereon evidencing the date and amount of the principal payment (or prepayment) equal to the Bonds so paid, or with respect to which provision for payment has been made, and that Note shall be surrendered by the Trustee to the Borrower for cancellation if all Bonds shall have been paid (or provision made therefor) and canceled as aforesaid. Unless the Borrower is entitled to a credit under express terms of this Agreement or the Note, all payments on the Note shall be in the full amount required thereunder.

Section 4.2. Eligible Funds to Trustee. In consideration of and as a condition to the disbursement of Bond proceeds in the Project Fund to pay Project Costs, and to secure the Borrower's obligation to make Loan Payments, the Borrower shall direct the FHA Lender, pursuant to the Disbursement Agreement, to deliver or cause to be delivered to the Trustee on or before each such disbursement certain Eligible Funds equal to the amount of the proposed disbursement from the Project Fund. All such amounts shall be delivered to the Trustee for the account of the Issuer and shall be held in the Collateral Fund and disbursed in accordance with Sections 4.04 and 4.06 of the Indenture. Upon receipt of Eligible Funds and satisfaction of the other conditions set forth in Section 3.6 hereof, the Trustee shall be unconditionally and irrevocably obligated to disburse an equal amount of funds in the Project Fund to, or at the direction of, the FHA Lender as provided in Section 3.6 hereof. In no event may funds held in the Collateral Fund be used to pay Project Costs.

Section 4.3. Bond Fund and Collateral Fund. The Borrower and the Issuer each acknowledges that any interest of either the Borrower or the Issuer in the Bond Fund or the Collateral Fund and any money deposited therein is subordinate to the interest of the Holders therein.

Section 4.4. Additional Payments. The Borrower shall pay as Additional Payments hereunder the following:

(a) Whether out of the proceeds of the FHA Mortgage Loan or other funds, all Costs of Issuance of the Bonds, the costs of obtaining the FHA Insurance and all expenses incurred in closing the FHA Mortgage Loan.

(b) All Extension Payments and other sums required under Section 3.07 of the Indenture in order to revise or extend the Mandatory Tender Date or remarket the Bonds, and the Borrower further agrees to execute any and all certificates required by the Issuer, the Trustee or the Remarketing Agent in order to effectuate such revision, extension or remarketing.

(c) To the Trustee, (i) the Ordinary Trustee Fees and Expenses to the extent that the funds available in the Expense Fund for the payment thereof are not sufficient and available therefor and (ii) the Extraordinary Trustee Fees and Expenses.

(d) To the Issuer (i) the Ordinary Issuer Fees to the extent that the funds available under the Indenture for the payment thereof are not sufficient and available therefor and (ii) the Extraordinary Issuer Fees and Expenses.

(e) All costs of printing any replacement Bonds required to be issued under the Indenture to the extent such costs are not paid by the Holders.

(f) To the extent not paid by the Trustee from the Expense Fund, all of the fees and expenses of the Rebate Analyst (including, but not limited to, the Rebate Analyst Fee) and any other necessary consultant employed by the Borrower, the Trustee or the Issuer in connection with any of the requirements imposed by Section 4.09 of the Indenture and the Tax Certificate and Agreement to the extent that the funds available under the Indenture for the payment thereof are not sufficient and available therefor. The Borrower shall provide or cause to be provided all information and money (including money necessary to make deposits to the Rebate Fund required by the Indenture and the Tax Certificate and Agreement and the fees and expenses of the Rebate Analyst to the extent available money in the Bond Fund under the Indenture are inadequate to pay such amounts) to the Trustee and the Rebate Analyst to enable the Trustee and the Rebate Analyst to comply with the Indenture and the Tax Certificate and Agreement.

(g) To the Dissemination Agent, the Dissemination Agent Fee to the extent the funds available in the Expense Fund are not sufficient and available therefore, as well as any other costs and expenses in order to provide for compliance with the terms of the Continuing Disclosure Agreement.

(h) To the Remarketing Agent, the Remarketing Agent Fee and any Remarketing Expenses.

In the event the Borrower is in default under any provision of any of the Borrower Documents, the Borrower shall be liable to, and upon demand shall pay to, the Issuer, the Trustee and the FHA Lender all reasonable fees and disbursements of such persons and their agents (including attorneys' fees and expenses) which are reasonably connected therewith or incidental thereto except to the extent such fees and disbursements are paid from money available therefor under the Indenture.

To provide for certain of the anticipated Additional Payments, the Borrower agrees to cause Eligible Funds to be deposited into the Expense Fund and the Costs of Issuance Fund the amounts required under Section 4.02(b) of the Indenture, and authorizes the Trustee to pay, from money on deposit in the Costs of Issuance Fund and the Expense Fund, the amounts provided to be paid from the Costs of Issuance Fund or the Expense Fund in accordance with Sections 4.05 and 4.08, respectively, of the Indenture. All such amounts shall be paid directly to the parties entitled thereto for their own account as and when such amounts become due and payable.

Upon the payment, prepayment, or incurrence of any such cost, expense, or liability described in this Section by any such party, the Additional Payments in respect thereof shall be payable upon written demand to the Borrower, which demand shall be accompanied by invoices or other appropriate documentation concerning the nature, amount and incurrence of such cost, expense or liability. If the Additional Payments payable under this Section are not paid upon such

demand, such Additional Payments shall bear interest from the date of such payment or the incurrence thereof at the Interest Rate for Advances until the amount due shall have been fully paid.

The obligations of the Borrower under this Section shall survive the termination of this Agreement and the payment and performance of all of the other obligations of the Borrower hereunder and under the other Borrower Documents, including the Tax Certificate and Agreement.

Section 4.5. Place of Payments. The Borrower shall make all Loan Payments directly to the Trustee at its Designated Office or via wire to a Trustee-designated account. The Borrower shall direct the FHA Lender to deliver certain Eligible Funds, pursuant to the Disbursement Agreement, directly to the Trustee at its Designated Office. Additional Payments shall be made by the Borrower directly to the person or entity to whom or to which they are due. Project Fund payments for or on behalf of the Borrower shall be made to the FHA Lender or its designee.

Section 4.6. Obligations Unconditional. The obligations of the Borrower to make Loan Payments, Additional Payments and any payments required of the Borrower under Sections 4.08 and 4.09 of the Indenture shall be absolute and unconditional, and the Borrower shall make such payments without abatement, diminution or deduction regardless of any cause or circumstances whatsoever including, without limitation, any defense, set off, recoupment or counterclaim which the Borrower may have or assert against the Issuer, the Trustee or any other Person; provided that the Borrower may contest or dispute the amount of any such obligation arising under Section 4.08 of the Indenture so long as such dispute or contest does not result in an Event of Default under the Indenture.

Section 4.7. Assignment of Agreement and Revenues; Trustee is Third Party Beneficiary. To secure the payment of Bond Service Charges, the Issuer shall assign to the Trustee, by the Indenture, its rights under and interest in this Agreement (except for the Reserved Rights). The Borrower hereby agrees and consents to those assignments. The Issuer shall not attempt to further assign, transfer or convey its interest in the Revenues or this Agreement or create any pledge or lien of any form or nature with respect to the Revenues, Loan Payments or Eligible Funds hereunder.

The Trustee shall be a third party beneficiary to this Agreement.

ARTICLE V

ADDITIONAL AGREEMENTS AND COVENANTS

Section 5.1. Right of Inspection. At all reasonable times and upon reasonable notice, the Borrower shall allow any duly authorized representative of the Issuer or the Trustee to visit and inspect the Project, to examine and make copies of and from its books of record and account, and to discuss its affairs, finances, and accounts with its officers, and shall furnish to the Issuer and the Trustee any information reasonably required regarding its business affairs and financial condition within a reasonable time after receipt of written request therefor.

Section 5.2. Borrower to Maintain its Existence; Sale of Project. The Borrower shall maintain its existence, not dissolve or sell, transfer or otherwise dispose of all or substantially all

of its assets and not consolidate with or merge into another entity or permit one or more other entities to consolidate with or merge into it; provided, that it may do so if the surviving, resulting or transferee entity is other than the Borrower, it assumes in writing all of the obligations of the Borrower under the Borrower Documents and it has a net worth equal to or greater than that of the Borrower immediately prior to such consolidation, merger, sale or transfer. The Borrower shall not permit one or more other entities to consolidate with or merge into it; or take any action or allow any action to be taken to terminate the existence of the Borrower except as provided herein.

No sale, assignment or transfer of title to the Project, except as may be otherwise required by FHA or the FHA Lender, shall be made unless (a) the FHA Lender and FHA consent to such assignment or transfer, (b) the transferee or assignee, as the case may be, assumes all the duties of the Borrower under the Borrower Documents, provided that such assumption may contain an exculpation of the assignee from personal liability with respect to any obligation hereunder, except the Borrower's obligation to indemnify the Issuer and the Trustee and reimburse the Issuer and the Trustee for the fees and expenses of the Issuer and the Trustee, respectively, and (c) no Event of Default as certified in writing to the Issuer and the Trustee by the Borrower shall have occurred and be continuing under the Indenture or this Agreement. Each of the Issuer and the Trustee shall consent to any such assignment or transfer if (i) the FHA Lender notifies it in writing that the aforesaid condition (a) is satisfied, (ii) the Issuer and the Trustee receive an Opinion of Bond Counsel to the effect that such transfer or assignment would not adversely affect the Federal Tax Status of the Bonds, and (iii) the Issuer and the Trustee receive written confirmation from the Rating Agency that such transfer or assignment will not result in a withdrawal or reduction in any rating on the Outstanding Bonds by the Rating Agency (if the Bonds are then rated by the Rating Agency). Upon the assumption of the duties of the Borrower by an assignee as provided herein, the outgoing Borrower shall be released from all executory obligations so assumed; provided, however, the Borrower shall not be released from its obligation to pay or reimburse the fees and expenses of the Issuer and the Trustee and to indemnify the Trustee and the Issuer without the express written consent of the Trustee and the Issuer, as applicable, which consent shall not be unreasonably withheld. Nothing contained in this Section shall be construed to supersede any provisions regarding assignment and transfer of the Project contained in the FHA Mortgage Loan Documents.

Notwithstanding anything to the contrary contained herein or in any other Borrower Document, and subject to the consent of FHA as required by the Controlling HUD and GNMA Requirements or the FHA Mortgage Loan Documents, the following shall be permitted and shall not require the prior written approval of Issuer or Trustee, (a) the transfer by Investor Limited Partner of its interest in Borrower in accordance with the terms of Borrower's Organizational Documents, (b) the removal of the General Partner of Borrower in accordance with the Organizational Documents and the replacement thereof with Investor Limited Partner or any of its affiliates, (c) the transfer of ownership interests in Investor Limited Partner, (d) upon the expiration of the tax credit compliance period, the transfer of the interests of Investor Limited Partner in Borrower to Borrower's general partner or any of its affiliates, and (e) any amendment to the Organizational Documents to memorialize the transfers or removal described above. The parties agree that this section shall control to the extent of any conflict in any Borrower Documents.

Section 5.3. Indemnification. (a) Subject to the provisions of subsections (b) and (c) hereof, the Borrower hereby agrees to pay, indemnify and hold harmless the Issuer and the Trustee,

the commissioners, directors and officers of the Issuer, the Trustee and their respective employees, attorneys, agents, trustees and representatives (collectively, the “Indemnified Parties”) from any and all losses, damages, costs, expenses and fees (including all reasonable attorneys’ fees), causes of action, suits, allegations, claims, demands, judgments and liabilities of whatsoever nature or kind (including, but not limited to, any documentary stamp or transfer taxes due and payable in connection with the Loan, if any, litigation and court costs, amounts paid in settlement by or with the approval of the Borrower and amounts paid to discharge judgments) directly or indirectly resulting from or arising out of or relating to:

- (i) the issuance, offering, sale or delivery of the Bonds;
- (ii) the design, rehabilitation, installation, operation, use, occupancy, maintenance, management or ownership of the Project by the Borrower and any predecessors in title;
- (iii) the enforcement of (a) the Bond Regulatory Agreement or (b) the provisions of the Financing Documents and any other document executed by the Borrower in connection with issuance of the Bonds and the making of the Loan and (c) the obligations of the Borrower imposed hereby or thereby;
- (iv) any untruthful, misleading or inaccurate information supplied by the Borrower relating to the Project, the Borrower, the Project Manager or to the terms of financing relating to the Project;
- (v) any injury to or death of any person or damage to property in or upon the Project or growing out of or connected with the operation, use, non-use, maintenance, rehabilitation, installation, condition or occupancy of the Project or any part thereof and by any predecessors in title, including any and all acts or operations relating to any rehabilitation or repair performed by the Borrower and by any predecessors in title in connection with the Project, other than that caused by any gross negligence or willful act of the Issuer or anyone acting on its behalf;
- (vi) any violation, breach or alleged breach of any agreement, covenant, representation, warranty or condition of this Agreement (except in the case of a breach alleged by the Issuer or the Trustee and such alleged breach is not found by a court of competent jurisdiction), except by the Issuer or the Trustee;
- (vii) any determination of taxability with respect to the Bonds, including the fees and expenses of the Issuer and its counsel in responding to any inquiry or audit by the Internal Revenue Service or resulting litigation or settlement in connection therewith;
- (viii) the deposit, storage, disposal, burial, dumping, injecting, spilling, leaking, or other placement or release in, on or from the Project of hazardous materials or the violation or alleged violation of any federal, state or local environmental law, regulation, order, consent decree or administrative action, official interpretation thereof in connection with the Project or on the Land;

(ix) any and all other losses, costs, damages, expenses and liabilities of whatsoever nature or kind (including, but not limited to, any documentary stamp or transfer taxes due and payable in connection with the Loan, if any, reasonable attorneys' fees, litigation and court costs, amounts paid in settlement by or with the approval of the Borrower and amounts paid to discharge judgments) directly or indirectly resulting from, arising out of, or related to the issuance, offering, sale or delivery of the Bonds;

(x) any and all losses, claims, damages, liabilities or expenses whatsoever caused by any untrue or misleading statement, or alleged untrue or misleading statement, of a material fact contained in any offering or disclosure document or other offering materials relating to the sale or remarketing of the Bonds (collectively, "Disclosure Statement") or the omission or alleged omission of any material fact of any Disclosure Statement, necessary in order to make the statements made therein, in light of the circumstances under which they were made, not misleading. Notwithstanding the foregoing, the Borrower shall have no indemnification obligation with respect to any statement or omission for which the indemnified party is responsible; and

(xi) the performance by the Trustee of its duties under the Indenture and any Financing Document.

(b) Notwithstanding the foregoing, the Trustee shall not be indemnified hereunder for any claims or damages arising from its own negligent acts or omissions or from any willful misconduct by the Trustee with respect to the provisions of the Indenture.

(c) After receipt by the Indemnified Persons of notice (notice to the Indemnified Persons being service with respect to the filing of any legal action, receipt of any claim in writing or similar form of actual notice) of any claim as to which they assert a right to indemnification, the Indemnified Persons will notify the Borrower of such claim. The Indemnified Persons will provide notice to the Borrower promptly, but in no event later than fifteen (15) Business Days following their receipt of a filing relating to a legal action or thirty (30) days following their receipt of any other claim.

(d) The provisions of this Section shall be, insofar as they relate solely to the Issuer, in addition to and not limited by the provisions of Section 8.6 hereof.

Section 5.4. Tax Covenants. The Borrower, for the benefit of the Issuer and each Holder, represents that it has taken and caused to be taken, and covenants that it will take and cause to be taken, all actions that may be required of it, alone or in conjunction with the Issuer, to maintain the Federal Tax Status of the Bonds. The Borrower represents that it has not taken or permitted to be taken on its behalf, and covenants that it will not take or permit to be taken on its behalf (other than an action required by HUD under the Controlling HUD and GNMA Requirements or the FHA Mortgage Loan Documents), any actions that would adversely affect such Federal Tax Status. The Borrower agrees that it will not make any changes in the Project which will result in a violation of the limitation of the maturity of the Bonds under Section 147(b) of the Code. The covenants of the Borrower herein with respect to preservation of such Federal Tax Status of the Bonds are made expressly subject to all Controlling HUD and GNMA Requirements and the FHA Mortgage Loan Documents.

If the Borrower becomes aware of any situation, event or condition which would adversely affect the Federal Tax Status of the Bonds, the Borrower shall promptly give written notice thereof to the Issuer, the FHA Lender and the Trustee.

The Issuer covenants that it will take, or require to be taken, all actions that may be required of the Issuer to maintain the Federal Tax Status of the Bonds. It will not take or authorize to be taken any actions that would adversely affect such Federal Tax Status under the Code.

The Borrower and the Issuer have entered into the Tax Certificate and Agreement and the Bond Regulatory Agreement for purposes of assuring that the Federal Tax Status of the Bonds will be maintained.

Section 5.5. Affirmative Covenants.

(a) Maintenance of Project. The Borrower shall maintain and preserve the Project in good working order and condition, ordinary wear and tear excepted, and shall from time to time make all necessary repairs, renewals, replacements, additions and improvements to the Project. All damage to apartment units shall be repaired promptly and apartment units shall be maintained so as to be available at all times for habitation.

(b) Keeping of Records and Books of Account. The Borrower shall keep adequate records and books of account in which complete entries will be made in accordance with the requirements of HUD or indicating deviations therefrom, reflecting all financial transactions.

(c) Payment of Taxes, Etc. The Borrower shall promptly pay and discharge: all taxes, assessments, fees, and other Governmental charges or levies or imposed upon it or upon any of its properties, income or profits, before the same shall become delinquent; all lawful claims of materialmen, mechanics, carriers, warehousemen, landlords and other similar Persons for labor, materials, supplies and rentals, which if unpaid might by law become a lien upon its properties; any indebtedness heretofore or hereafter incurred by it when due, and discharge, perform and observe covenants, provisions and conditions to be discharged, performed and observed by it in connection therewith, or in connection with any agreement or other instrument relating thereto or in connection with any lien existing at any time upon any of its properties; provided, however, that the Borrower shall not be required to pay any of the foregoing if (a) the amount, applicability or validity thereof shall currently be contested in good faith by appropriate proceedings, (b) the Borrower shall have set aside on its books adequate reserves with respect thereto and (c) the title of the Borrower to, and its right to use, its properties is not materially and adversely affected thereby. The Borrower hereby agrees that, in the event it fails to pay or cause to be paid taxes, assessments, fees and other Governmental charges or levies or the premium on any required insurance, the Trustee may make such payment, but is not obligated to do so, and the Trustee shall be reimbursed by the Borrower therefor with interest on the amount so advanced at the Interest Rate for Advances.

(d) Insurance.

The Borrower shall:

(i) Maintain or cause to be maintained at all times insurance of such types and in such amounts as may be required by the FHA Mortgage Loan Documents and the Financing Documents.

(ii) [Reserved.]

(e) [Reserved.]

(f) Notice of Default. In the event that any Event of Default occurs, the Borrower shall give prompt notice in writing of such happening to the Trustee.

(g) Performance of Contracts, Etc. Except to the extent contested in good faith, the Borrower shall perform according to and shall comply with all of its contractual obligations and all requirements of law if nonperformance thereof would materially and adversely affect the business or credit of the Borrower on an individual basis or would materially impair the ability of the Borrower to perform this Agreement, the Bond Regulatory Agreement or the Note or any other agreement or instrument herein or therein contemplated.

(h) [Reserved.]

(i) Cooperation in Perfecting Security Interests, Etc. The Borrower shall promptly perform such acts as may be necessary or advisable to perfect and maintain any lien provided for in this Agreement or in any agreement or document contemplated herein or therein, or otherwise to carry out the intent of this Agreement. The Borrower shall, and shall promptly execute, deliver and perform or cause to be done, executed, delivered and performed all such documents, instruments, agreements, things and acts, including, without limitation, financing statements, continuation statements and mortgages as may be necessary or advisable to perfect or maintain a lien on any and all assets or rights owned by the Borrower, or any interest of the Borrower therein, and the Trustee and its officers, employees and authorized agents, or any of them, are hereby irrevocably appointed the attorneys in fact of the Borrower to do all acts and things which the Trustee may deem necessary or advisable to preserve, perfect and continue perfected any lien in favor of the Trustee. The Trustee shall not be responsible for the initial filing of financial statements.

(j) Environmental Matters. The Borrower will take and continue to take prompt action to remedy all environmental pollution and contamination, hazardous waste disposal and other environmental cleanup problems, if any, above legal levels, in order to remain in compliance with applicable environmental laws, whether or not such cleanup problems have resulted from the order or request of a municipal, state, federal, administrative or judicial authority, or otherwise. The foregoing covenant shall not constitute or create a waiver of any rights the Borrower may have to pursue any legal rights or remedies against any third party for any environmental claims.

(k) Non-discrimination. The Borrower will not and will require each contractor, subcontractor and commercial tenant of the Project to covenant that it will not discriminate by reason of race, creed, color, handicap, national origin or sex in the employment of any Person employed by it in connection with the Project or working in or on the Project. The Borrower will require each manager of the Project to covenant that in the leasing of the Project it will not discriminate by reason of race, creed, color, handicap, national origin or sex.

Section 5.6. Other Indebtedness. So long as no Event of Default or Default hereunder shall have occurred and be continuing, the Borrower shall be permitted to incur any indebtedness for any Project Cost or other obligation or payment due under this Agreement, the Indenture or the Bond Regulatory Agreement.

Section 5.7. Nature of Business. The Borrower will not change the general character of its business as conducted at the date hereof, or engage in any type of business not reasonably related to its business as normally conducted.

Section 5.8. Continuing Disclosure. The Borrower hereby covenants and agrees that it will comply with and carry out all of the provisions of the Continuing Disclosure Agreement. Notwithstanding any other provision of this Agreement or the Indenture, failure of the Borrower to comply with the Continuing Disclosure Agreement shall not be considered an Event of Default hereunder or under the Indenture or a default with respect to the Bonds or the FHA Mortgage Loan Documents. The Borrower will provide to the Trustee and the Issuer copies of the annual financial statements of the Project and notices of material events provided pursuant to the Continuing Disclosure Agreement.

ARTICLE VI

PREPAYMENT AND TERMINATION

Section 6.1. Optional Prepayment. Provided no Event of Default shall have occurred and be continuing, at any time and from time to time, the Borrower may deliver money to the Trustee in addition to Loan Payments or Additional Payments required to be made as a prepayment, in whole or in part, of the Loan and direct the Trustee to use the money so delivered for the purpose of purchasing Bonds, in accordance with the Indenture. Pending application for those purposes, any money so delivered shall be held by the Trustee in a special account in the Bond Fund and delivery of such money shall not operate to abate or postpone Loan Payments or Additional Payments otherwise becoming due or to alter or suspend any other obligations of the Borrower under this Agreement.

Section 6.2. [Reserved].

Section 6.3. Borrower's Obligations Upon Tender of Bonds. If any Tendered Bond is not remarketed on any Mandatory Tender Date and a sufficient amount is not available in the Collateral Fund, the Negative Arbitrage Account of the Bond Fund, and the Project Fund as provided in Section 3.05(e) of the Indenture for the purpose of paying the purchase price of such Bond, the Borrower will cause to be paid to the Trustee by the applicable times provided in the Indenture, an amount equal to the amount by which the principal amount of all Bonds tendered

and not remarketed, together with interest accrued to the Mandatory Tender Date, exceeds the amount otherwise available pursuant to Section 3.05(e) of the Indenture.

Section 6.4. Option to Terminate. The Borrower shall have the option to cancel or terminate this Agreement at any time when (a) the Indenture shall have been released in accordance with its provisions, and (b) sufficient money or security acceptable to the Issuer and the Trustee are on deposit with the Trustee or the Issuer, or both, to meet all Loan Payments and Additional Payments due or to become due through the date on which the last of the Bonds is then scheduled to be retired or redeemed, or, with respect to Additional Payments to become due, provisions satisfactory to the Trustee and the Issuer are made for paying such amounts as they come due. Such option shall be exercised by the Authorized Borrower Representative, on behalf of the Borrower, giving the Issuer and the Trustee five (5) days' notice in writing of such cancellation or termination and such cancellation or termination shall become effective at the end of such notice period. The provisions of this Section shall not be deemed to permit a prepayment of the Note other than in accordance with its terms.

ARTICLE VII

EVENTS OF DEFAULT AND REMEDIES

Section 7.1. Events of Default. Each of the following shall be an Event of Default hereunder:

(a) The Borrower shall fail to pay any Loan Payment on or prior to the date on which that Loan Payment is due and payable to the extent amounts on deposit in the Bond Fund, including amounts transferred from the Collateral Fund and the Project Fund are insufficient to pay the Bond Service Charges due on the next Bond Payment Date;

(b) The Borrower shall fail to observe and perform any other agreement, term or condition contained in this Agreement or any other Financing Document and the continuation of such failure for a period of thirty (30) days after written notice thereof shall have been given to the Borrower and the Investor Limited Partner by the Issuer or the Trustee, or for such longer period as the Issuer and the Trustee may agree to in writing; provided, that if the failure is other than the payment of money and is of such nature that it can be corrected but not within the applicable period, that failure shall not constitute an Event of Default so long as the Borrower institutes curative action within the applicable period and diligently pursues that action to completion, which must be resolved within 180 days after the aforementioned notice;

(c) The Borrower shall: (i) admit in writing its inability to pay its debts generally as they become due; (ii) have an order for relief entered in any case commenced by or against it under the federal bankruptcy laws, as now or hereafter in effect, which is not dismissed within ninety (90) days; (iii) commence a proceeding under any other federal or state bankruptcy, insolvency, reorganization or similar law, or have such a proceeding commenced against it and either have an order of insolvency or reorganization entered against it or have the proceeding remain undismissed and unstayed for ninety days; (iv) make an assignment for the benefit of creditors; or (v) have a receiver or trustee appointed for it or for the whole or any substantial part of its property which appointment is not vacated within a period of ninety (90) days;

(d) Any representation or warranty made by the Borrower herein or any statement in any report, certificate, financial statement or other instrument furnished in connection with this Agreement or with the purchase of the Bonds shall at any time prove to have been false or misleading in any adverse material respect when made or given; and

(e) There shall occur an “Event of Default” (as defined in the Indenture) by the Borrower or an event of default beyond applicable notice and cure periods under the Bond Regulatory Agreement.

Notwithstanding the foregoing, if, by reason of Force Majeure, the Borrower is unable to perform or observe any agreement, term or condition hereof which would give rise to an Event of Default under subsection (b) hereof, the Borrower shall not be deemed in default during the continuance of such inability. However, the Borrower shall promptly give written notice to the Trustee and the Issuer of the existence of an event of Force Majeure and shall use commercially reasonable efforts to remove the effects thereof; provided that the settlement of strikes or other industrial disturbances shall be entirely within its discretion.

The term Force Majeure shall mean, without limitation, the following:

(i) acts of God; strikes, lockouts or other industrial disturbances; acts of terrorism or of public enemies; orders or restraints of any kind of the government of the United States of America or of the State or any of their departments, agencies, political subdivisions or officials, or any civil or military authority; insurrections; civil disturbances; riots; epidemics; pandemics; landslides; lightning; earthquakes; fires; hurricanes; tornados; storms; droughts; floods; arrests; restraint of government and people; explosions; breakage, malfunction or accident to facilities, machinery, transmission pipes or canals; partial or entire failure of utilities; shortages of labor, materials, supplies or transportation; or

(ii) any cause, circumstance or event not reasonably within the control of the Borrower.

The declaration of an Event of Default under subsection (c) above, and the exercise of remedies upon any such declaration, shall be subject to any applicable limitations of federal bankruptcy law affecting or precluding that declaration or exercise during the pendency of or immediately following any bankruptcy, liquidation or reorganization proceedings.

Section 7.2. Remedies on Default. Whenever an Event of Default shall have happened and be subsisting, any one or more of the following remedial steps may be taken:

(a) If acceleration of the principal amount of the Bonds has been declared pursuant to Section 6.03 of the Indenture, the Trustee shall declare all Loan Payments to be due and payable together until any other amounts payable by the Borrower under this Agreement and the Note whereupon the same shall become immediately due and payable;

(b) The Trustee may exercise any or all or any combination of the remedies specified in this Agreement or any other Financing Document;

(c) The Issuer or the Trustee may have access to, inspect, examine and make copies of the books, records, accounts and financial data of the Borrower pertaining to the Project; or

(d) The Issuer or the Trustee may pursue all remedies now or hereafter existing at law or in equity to collect all amounts then due and thereafter to become due under this Agreement and the Bond Regulatory Agreement and the Note or to enforce the performance and observance of any other obligation or agreement of the Borrower under those instruments.

Notwithstanding the foregoing, neither the Issuer nor the Trustee shall be obligated to take any step which in its opinion will or might cause it to expend time or money or otherwise incur liability unless and until a satisfactory indemnity bond has been furnished to the Issuer or the Trustee at no cost or expense to the Issuer or the Trustee. Any amounts collected as Loan Payments or applicable to Loan Payment and any other amounts which would be applicable to payment of Bond Service Charges collected pursuant to action taken under this Section shall be paid into the Bond Fund and applied in accordance with the provisions of the Indenture or, if the Outstanding Bonds have been paid and discharged in accordance with the provisions of the Indenture, shall be paid as provided in Section 4.14 of the Indenture for transfers of remaining amounts in the Bond Fund.

The provisions of this Section are subject to the further limitation that the rescission by the Trustee of its declaration that all of the Bonds are immediately due and payable also shall constitute an annulment of any corresponding declaration made pursuant to paragraph (a) of this Section and a waiver and rescission of the consequences of that declaration and of the Event of Default with respect to which that declaration has been made, provided that no such waiver or rescission shall extend to or affect any subsequent or other default or impair any right consequent thereon.

Section 7.3. No Remedy Exclusive. No remedy conferred upon or reserved to the Issuer or the Trustee by this Agreement is intended to be exclusive of any other available remedy or remedies, but each and every such remedy shall be cumulative and shall be in addition to every other remedy given under this Agreement, the Bond Regulatory Agreement or the Note, or now or hereafter existing at law, in equity or by statute. No delay or omission to exercise any right or power accruing upon any default shall impair that right or power or shall be construed to be a waiver thereof, but any such right and power may be exercised from time to time and as often as may be deemed expedient. In order to entitle the Issuer or the Trustee to exercise any remedy reserved to it in this Article, it shall not be necessary to give any notice, other than any notice required by law or for which express provision is made herein.

Section 7.4. Agreement to Pay Attorneys' Fees and Expenses. If an Event of Default should occur and the Issuer or the Trustee should incur expenses, including reasonable attorneys' fees, in connection with the enforcement of this Agreement, the Bond Regulatory Agreement or the Note or the collection of sums due thereunder, the Borrower shall reimburse the Issuer and the Trustee, as applicable, for the expenses so incurred upon demand.

Section 7.5. No Waiver. No failure by the Issuer or the Trustee to insist upon the strict performance by the Borrower of any provision hereof shall constitute a waiver of their right to strict performance and no express waiver shall be deemed to apply to any other existing or

subsequent right to remedy the failure by the Borrower to observe or comply with any provision hereof.

Section 7.6. Notice of Default. The Borrower shall notify the Trustee immediately if it becomes aware of the occurrence of any Event of Default hereunder or of any fact, condition or event which, with the giving of notice or passage of time or both, would become an Event of Default.

Section 7.7. Investor Limited Partner's Cure Rights. The Issuer hereby agrees that any cure of any Event of Default hereunder made or tendered by the Investor Limited Partner shall be deemed to be cure by the Borrower, and shall be accepted or rejected by the Issuer on the same basis as if made or tendered by the Borrower.

ARTICLE VIII

MISCELLANEOUS

Section 8.1. Term of Agreement. This Agreement shall be and remain in full force and effect from the date of delivery of the Bonds to the Holder until such time as all of the Bonds shall have been fully paid (or provision made for such payment) pursuant to the Indenture and all other sums payable by the Borrower under this Agreement and the Note shall have been paid, except for obligations of the Borrower under Sections 3.12, 4.4, 5.3, and 7.4 hereof, which shall survive any termination of this Agreement.

Section 8.2. Amounts Remaining in Funds. Subject to any applicable escheat laws, any amounts in the Bond Fund remaining unclaimed by the Holders of Bonds for four (4) years after the due date thereof (whether at stated maturity or otherwise), at the option of the Borrower, shall be deemed to belong to and shall be paid, at the written request of the Borrower, to the Borrower within ten (10) Business Days of Borrower's request, by the Trustee as overpayment of Loan Payments. With respect to that principal of and interest on the Bonds to be paid from money paid to the Borrower pursuant to the preceding sentence, the Holders of the Bonds entitled to such money shall look solely to the Borrower for the payment of such money. Further, any amounts remaining in the Bond Fund, the Project Fund and any other Special Funds or accounts created under this Agreement, the Bond Regulatory Agreement or the Indenture after all of the Outstanding Bonds shall be deemed to have been paid and discharged under the provisions of the Indenture and all other amounts required to be paid under this Agreement, the Note, Bond Regulatory Agreement and the Indenture have been paid, shall, subject to Section 4.14 of the Indenture, be promptly paid to the Borrower, within ten (10) Business Days of Borrower's written request, to the extent that such money are in excess of the amounts necessary to effect the payment and discharge of the Outstanding Bonds.

Section 8.3. Notices. All notices, certificates, requests or other communications hereunder shall be in writing and shall be deemed to be sufficiently given when mailed by registered or certified mail, postage prepaid, or forwarded by overnight courier service, delivery charges prepaid, and addressed to the appropriate Notice Address. A duplicate copy of each notice, certificate, request or other communication given hereunder to the Issuer, the Borrower, the Investor Limited Partner, the FHA Lender or the Trustee shall also be given to the others. The

Borrower, the Issuer, the FHA Lender, Investor Limited Partner and the Trustee, by notice given hereunder, may designate any further or different addresses to which subsequent notices, certificates, requests or other communications shall be sent. Notices given to the Trustee shall be subject to Section 5.02(n) of the Indenture.

Section 8.4. Extent of Covenants of the Issuer; No Personal Liability. All covenants, obligations and agreements of the Issuer contained in this Agreement and the Indenture shall be effective to the extent authorized and permitted by applicable law. No such covenant, obligation or agreement shall be deemed to be a covenant, obligation or agreement of any present or future officer, director, agent or employee of the Issuer in other than his official capacity, and no officer, director, agent or employee of the Issuer nor any official executing the Bonds shall be liable personally on the Bonds or be subject to any personal liability or accountability by reason of the issuance thereof or by reason of the covenants, obligations or agreements of the Issuer contained in this Agreement or in the Indenture.

Section 8.5. Limited Liability of the Issuer. All obligations of the Issuer incurred under the Indenture or in connection with the issuance of the Bonds shall be special limited obligations of the Issuer, payable solely and only from Bond proceeds, revenues and other amounts derived by the Issuer from the Trust Estate. The Bonds shall be payable solely from the revenues and other funds and property pledged under the Indenture for the payment of the Bonds, and no owner or owners of any of the Bonds shall ever have the right to compel any exercise of the taxing power of the State or any political subdivision or other public body thereof, nor to enforce the payment thereof against any property of the State or any such political subdivision or other public body, including the Issuer except as provided in the Indenture.

No officer, agent, director, employee or attorney of the Issuer, including any person executing this Agreement, shall be liable personally hereunder or for any reason relating to the issuance of the Bonds. No recourse shall be had for the payment of the principal of or the interest on the Bonds, or for any claim based therein, or otherwise in respect thereof, or based on or in respect of this Agreement or any amendment hereto, against any officer, employee, director, agent or attorney, as such, of the Issuer or any successor whether by virtue of any constitution, statute or rule of law, or by the enforcement of any assessment or penalty or otherwise, all such liability being, by the acceptance hereof and as part of the consideration for the issue of the Bonds, expressly waived and released.

It is expressly understood and agreed by the parties to this Agreement that:

(a) The Issuer may rely conclusively on the truth and accuracy of any certificate, opinion, notice or other instrument furnished to the Issuer by the Trustee, any Bondholder or the Owner as to the existence of a fact or state of affairs required hereunder to be noticed by the Issuer.

(b) The Issuer shall not be under any obligation to perform any record keeping or to provide any legal service, it being understood that such services shall be performed or caused to be performed by the Trustee or the Borrower.

(c) None of the provisions of this Agreement shall require the Issuer to expend or risk its own funds (apart from the proceeds of Bonds issued under the Indenture) or otherwise endure financial liability in the performance of any of its duties or in the exercise of any of its rights under this Agreement, unless it shall first have been adequately indemnified to its satisfaction against the costs, expenses and liabilities which may be incurred thereby.

Section 8.6. Limited Liability of Borrower. Anything in this Agreement to the contrary notwithstanding, the monetary obligations of the Borrower contained in this Agreement (except for fees, payments and indemnification under Sections 3.12, 4.4, 5.3 and 7.4 hereof) shall be limited obligations payable solely from the income and assets of the Project and neither the Borrower nor any partner, member, director, official or officer of the Borrower shall have any personal liability for the satisfaction of any obligation of the Borrower or claim against the Borrower, arising out of this Agreement. Notwithstanding anything contained in this Agreement to the contrary, neither the FHA Lender, the Issuer nor the Trustee may assert any claim arising hereunder against the Borrower's interest in the Project, any reserve or deposit made with the FHA Lender or with any other entity that is required by HUD in connection with the FHA Mortgage Loan, or in the rents or other income of the Project for the payment of any charge due hereunder except to the extent available from then currently available "Surplus Cash" as that term is defined in the HUD Regulatory Agreement approved for distribution by HUD.

Section 8.7. Binding Effect. This Agreement shall inure to the benefit of and shall be binding in accordance with its terms upon the Issuer, the Borrower, the Trustee and their respective permitted successors and assigns provided that this Agreement may not be assigned by the Borrower (except in connection with a sale or transfer of assets pursuant to Section 5.2 hereof) and may not be assigned by the Issuer except to the Trustee pursuant to the Indenture or as otherwise may be necessary to enforce or secure payment of Bond Service Charges. This Agreement may be enforced only by the parties, their assignees and others who may, by law, stand in their respective places.

Section 8.8. Amendments and Supplements. Except as otherwise expressly provided in this Agreement or the Indenture, subsequent to the issuance of the Bonds and prior to all conditions provided for in the Indenture for release of the Indenture having been met, this Agreement, the Bond Regulatory Agreement and the Note may not be effectively amended, changed, modified, altered or terminated except in accordance with the provisions of Article X of the Indenture, as applicable.

Section 8.9. Execution Counterparts. This Agreement may be executed in any number of counterparts, each of which shall be regarded as an original and all of which shall constitute but one and the same instrument.

Section 8.10. Severability. If any provision of this Agreement, or any covenant, obligation or agreement contained herein is determined by a court to be invalid or unenforceable, that determination shall not affect any other provision, covenant, obligation or agreement, each of which shall be construed and enforced as if the invalid or unenforceable portion were not contained herein. That invalidity or unenforceability shall not affect any valid and enforceable application thereof, and each such provision, covenant, obligation or agreement shall be deemed to be

effective, operative, made, entered into or taken in the manner and to the full extent permitted by law.

Section 8.11. Governing Law. This Agreement shall be deemed to be a contract made under the laws of the State and for all purposes shall be governed by and construed in accordance with the laws of the State, without regard to conflicts of laws principles.

Section 8.12. Supremacy of FHA Mortgage Loan Documents and HUD Requirements. Notwithstanding other provisions in this Loan Agreement, and so long as HUD or a successor or assign of HUD is the insurer or holder of the FHA Note, the following provisions shall apply:

(a) The Borrower, the Trustee and the Issuer acknowledge that this Loan Agreement, and any obligations of Borrower hereunder, are subject and subordinate to the FHA Mortgage Loan Documents. The rights and obligations of the parties under this Indenture and all other documents evidencing, implementing, or securing this Loan Agreement (collectively, the “Subordinate Bond Documents”) are and shall be subordinated in all respects to the FHA Mortgage Loan Documents.

(b) No obligation of the Borrower hereunder shall be payable except from:

- (1) Surplus Cash (as such term is defined in the HUD Regulatory Agreement and available pursuant to Program Obligations which may limit any payments to 75% of Surplus Cash), or
- (2) Non-Project sources, which consist of (i) funds that are not derived from (A) revenues of the Project or (B) any HUD-required reserve or deposit in connection with the FHA Loan, or (ii) the Trust Estate (collectively, “Non-Project Sources”).

Enforcement of the covenants in this Loan Agreement will not result in, and neither the Issuer, the Trustee or the Bondholder has or shall be entitled to assert, any claim against the Project, any HUD-required reserves or deposits in connection with the FHA Loan, the proceeds of the FHA Note, the assets of the Borrower, or rents, deposits or other income of the Project or Eligible Funds delivered by the FHA Lender to the Trustee for deposit into the Collateral Fund (to the extent the Trustee has not disbursed an equal amount of Bond proceeds from the Project Fund as provided in Section 3.6 hereof).

(c) In the event of any conflict between the provisions of (i) this Loan Agreement or the Subordinate Bond Documents, and (ii) the FHA Mortgage Loan Documents, Program Obligations (as defined in the FHA Lender Mortgage), and/or GNMA statutory, regulatory or administrative requirements (collectively, “HUD Documents & Requirements”), the provisions of the HUD Documents & Requirements shall control. If there is any inconsistency or ambiguity between this Loan Agreement or the Subordinate Bond Documents, and the HUD Documents & Requirements, such inconsistency or ambiguity shall be interpreted in favor of and in a manner which is consistent with the HUD Documents & Requirements. The provisions of this Section shall control over any inconsistent provisions in this Loan Agreement or the Subordinate Bond Documents.

(d) Any subsequent amendment to this Loan Agreement is subject to prior written approval of FHA Lender, HUD and/or FHA, as applicable. No amendment to this Loan Agreement shall conflict with the provisions of the FHA Mortgage Loan Documents.

(e) The Bonds are not a debt of the United States of America, HUD, FHA, GNMA or any other agency or instrumentality of the federal government, and are not guaranteed by the full faith and credit of the United States or any agency or instrumentality thereof.

(f) There is no pledge hereunder of the gross revenues or any of the assets of the Project.

(g) A default under this Loan Agreement shall not constitute a default under the FHA Mortgage Loan Documents.

(h) Nothing contained herein shall inhibit or impair the right of HUD to require or agree to any amendment, change or modification of any FHA Mortgage Loan Documents.

(i) Proceeds from any condemnation award or from the payment of a claim under any hazard insurance policy relating to the Project will not be payable to the Trustee, but will be payable in accordance with the FHA Mortgage Loan Documents.

(j) Any indemnification by the Borrower shall be solely from Surplus Cash or the proceeds of an insurance policy.

(k) In no event shall HUD have any claim to or lien upon the Trust Estate under the Indenture and funds held by the Trustee under the Indenture and pledged to secure the repayment of the Bonds. Further, nothing herein shall restrict the rights of Bondholders and obligations of the Trustee hereunder as they relate to the Bonds and the rights of Bondholders and obligations of the Trustee herein are not subordinated.

(l) Nothing contained herein shall require the FHA Lender to take any actions to preserve the tax exemption of the interest on the Bonds or the availability of the low-income housing tax credits for the Project (the "Tax Credits"), or prohibits the FHA Lender from taking any action that might jeopardize the tax-exemption of the interest on the Bonds or the availability of the Tax Credits, except in strict accordance with the National Housing Act, applicable mortgage insurance regulations, the FHA Loan Documents, or, if applicable, Section 8 of the U.S. Housing Act of 1937 and the regulations thereunder.

[Signature Pages Follow]

IN WITNESS WHEREOF, the Issuer and the Borrower have caused this Agreement to be duly executed in their respective names, all as of the date hereinbefore written.

**WEST VIRGINIA HOUSING
DEVELOPMENT FUND**

By: _____
Authorized Officer

(SEAL)

ATTEST:

By: _____
Assistant Secretary

[Issuer Signature Page to Loan Agreement]

CHARLES TOWERS ASSOCIATES, L.P., a West Virginia
limited partnership

By: AAP Charles Towers, LLC, a West Virginia
limited liability company,
its general partner

By: _____
Name: Kevin Orth
Title: Manager

[Borrower Signature Page to Loan Agreement]

EXHIBIT A

FORM OF NOTE

This Note has not been registered under the Securities Act of 1933. Its transferability is restricted by the Trust Indenture and the Loan Agreement referred to herein.

\$ _____, 2020

Charles Towers Associates, L.P., a West Virginia limited partnership (the “**Borrower**”), for value received, promises to pay in installments to the West Virginia Housing Development Fund (the “**Issuer**”), the principal amount of

_____ DOLLARS (\$ _____)

and to pay interest on the unpaid balance of such principal sum from and after the date hereof at the rate or rates set forth in the Bonds (as defined below), until the payment of such principal sum has been made or provided for, and to pay the other amounts owing from time to time hereunder, all as set forth below. The principal amount stated above shall be paid on or after the maturity date of the FHA Mortgage. Interest shall be calculated on the basis of a 360 day year of twelve (12) equal months. Interest on this Note shall be paid in Federal Reserve funds on each Interest Payment Date set forth in the Bonds.

This Note has been executed and delivered by the Borrower to Zions Bancorporation, National Association, as Trustee (the “**Trustee**”) under the Indenture hereinafter referred to pursuant to a certain Loan Agreement (the “**Loan Agreement**”) dated as of ____ 1, 2020, between the Issuer and the Borrower. Terms used but not defined herein shall have the meanings ascribed to such terms in the Loan Agreement and the Indenture, as defined below.

Under the Loan Agreement, the Issuer has loaned the Borrower the principal proceeds received from the sale of the Issuer’s \$ _____ Multifamily Housing Revenue Bonds, Series 2020 (Charles Towers) (the “**Bonds**”) to assist in the financing of the Project, and the Borrower has agreed to repay such loan by making payments (“**Loan Payments**”) at the times and in the amounts set forth in this Note for application to the payment of Bond Service Charges on the Bonds as and when due. The Bonds have been issued, concurrently with the execution and delivery of this Note, pursuant to, and are secured by, the Trust Indenture (the “**Indenture**”), dated as of ____ 1, 2020, between the Issuer and the Trustee.

To provide funds to pay the principal of and interest on the Bonds as and when due as specified herein, the Borrower hereby agrees to and shall make Loan Payments in Federal Reserve funds on each Interest Payment Date in an amount equal to the Bond Service Charges on the Bonds payable on such Interest Payment Date. In addition, to provide funds to pay the Bond Service Charges on the Bonds as and when due at any other time, the Borrower hereby agrees to and shall make Loan Payments in Federal Reserve funds on any other date on which any Bond Service Charges on the Bonds shall be due and payable, whether at maturity, upon acceleration or otherwise, in an amount equal to those Bond Service Charges.

If payment or provision for payment in accordance with the Indenture is made in respect of the Bond Service Charges on the Bonds from money other than Loan Payments, this Note shall

be deemed paid to the extent such payments or provision for payment of Bonds has been made. Consistent with the provisions of the immediately preceding sentence, the Borrower shall have credited against its obligation to make Loan Payments any amounts transferred from the Project Fund or the Collateral Fund to the Bond Fund. Subject to the foregoing, all Loan Payments shall be in the full amount required hereunder.

All Loan Payments shall be made to the Trustee at its Designated Office or via wire to a Trustee-designated account for the account of the Issuer and deposited in the Bond Fund created by the Indenture. Except as otherwise provided in the Indenture, the Loan Payments shall be used by the Trustee to pay the Bond Service Charges on the Bonds as and when due.

In addition to the principal and interest payments required under the Loan Agreement, the Borrower shall also pay rebate calculations and payments under Section 3.12 of the Loan Agreement, Additional Payments under Section 4.4 of the Loan Agreement, indemnification-related payments under Section 5.3 of the Loan Agreement, other fees and expenses under Section 7.4 of the Loan Agreement, as well as any other amounts owed under the Loan Agreement, when due and in accordance with the terms and provisions and subject to the limitations set forth therein.

The obligation of the Borrower to make the payments required hereunder shall be absolute and unconditional and the Borrower shall make such payments without abatement, diminution or deduction regardless of any cause or circumstances whatsoever including, without limitation, any defense, set off, recoupment or counterclaim which the Borrower may have or assert against the Issuer, the Trustee or any other person.

This Note is subject to prepayment, in whole or in part, upon the terms and conditions set forth in Article VI of the Loan Agreement. Any prepayment is subject to satisfaction of any applicable notice, deposit or other requirements set forth in the Loan Agreement or the Indenture.

Whenever an Event of Default under Section 6.01 of the Indenture shall have occurred and, as a result thereof, the principal of and any premium on all Bonds then Outstanding, and interest accrued thereon, shall have been declared to be immediately due and payable pursuant to Section 6.03 of the Indenture, the unpaid principal amount of and any premium and accrued interest on this Note shall also be due and payable in Federal Reserve funds on the date on which the principal of and premium and interest on the Bonds shall have been declared due and payable; provided that the annulment of a declaration of acceleration with respect to the Bonds shall also constitute an annulment of any corresponding declaration with respect to this Note.

The payment obligations of this Note are non-recourse to the Borrower to the extent set forth in Section 8.6 of the Loan Agreement.

Notwithstanding other provisions in this Loan Agreement, and so long as HUD or a successor or assign of HUD is the insurer or holder of the FHA Note, the following provisions shall apply:

(a) The Borrower, the Trustee and the Issuer acknowledge that the Loan Agreement, and any obligations of Borrower thereunder, are subject and subordinate to the FHA Mortgage Loan Documents. The rights and obligations of the parties under the Indenture and all other documents evidencing, implementing, or securing the Loan Agreement (collectively, the

“Subordinate Bond Documents”) are and shall be subordinated in all respects to the FHA Mortgage Loan Documents.

(b) No obligation of the Borrower thereunder shall be payable except from: (1) Surplus Cash (as such term is defined in the HUD Regulatory Agreement and available pursuant to Program Obligations which may limit any payments to 75% of Surplus Cash), or (2) Non-Project sources, which are funds that are not derived from: (i) revenues of the Project, (ii) any HUD-required reserve or deposit in connection with the FHA Loan, or (iii) the FHA Lender Collateral Deposit which has been deposited into the Collateral Fund by or at the direction of the FHA Lender (collectively, “Non-Project Sources”). Enforcement of the covenants in the Loan Agreement will not result in, and neither the Issuer, the Trustee or the Bondholder has or shall be entitled to assert, any claim against the Project, any HUD-required reserves or deposits in connection with the FHA Loan, the FHA Lender Collateral Deposit, the proceeds of the FHA Note, the assets of the Borrower, or rents, deposits or other income of the Project, except from Non-Project Sources.

(c) In the event of any conflict between the provisions of (i) the Loan Agreement or the Subordinate Bond Documents, and (ii) the FHA Mortgage Loan Documents, Program Obligations (as defined in the FHA Lender Mortgage), and/or GNMA statutory, regulatory or administrative requirements (collectively, “HUD Documents & Requirements”), the provisions of the HUD Documents & Requirements shall control. If there is any inconsistency or ambiguity between the Loan Agreement or the Subordinate Bond Documents, and the HUD Documents & Requirements, such inconsistency or ambiguity shall be interpreted in favor of and in a manner which is consistent with the HUD Documents & Requirements. These provisions shall control over any inconsistent provisions in the Loan Agreement or the Subordinate Bond Documents.

IN WITNESS WHEREOF, the Borrower has caused this Note to be executed in its name as of the date first above written.

CHARLES TOWERS ASSOCIATES, L.P., a West Virginia
limited partnership

By: AAP Charles Towers, LLC, a West Virginia
limited liability company,
its general partner

By: _____
Name: Kevin Orth
Title: Manager

ENDORSEMENT

Pay to the order of Zions Bancorporation, National Association, without recourse, as Trustee under the Indenture referred to in the within mentioned Note, as security for the Bonds issued under the Indenture. This endorsement is given without any warranty as to the authority or genuineness of the signature of the maker of the Note.

WEST VIRGINIA HOUSING DEVELOPMENT FUND

By: _____
Authorized Officer

(SEAL)

ATTEST:

By: _____
Assistant Secretary

Dated: ____ __, 2020

FORM OF DISBURSEMENT REQUEST

Pursuant to Section 3.6 of the Loan Agreement (the “**Loan Agreement**”) between the West Virginia Housing Development Fund (the “**Issuer**”) and Charles Towers Associates, L.P., a West Virginia limited partnership (the “**Borrower**”) dated as of _____ 1, 2020, the undersigned Authorized Borrower Representative hereby requests and authorizes Zions Bancorporation, National Association, as Trustee (the “**Trustee**”), as depositary of the Project Fund created by the Trust Indenture between the Issuer and the Trustee dated as of _____ 1, 2020 (the “**Indenture**”), to make a disbursement out of the money deposited in the Project Fund.

(1) The amount of this disbursement shall be \$_____.

(2) The expected disbursement date is _____[date of disbursement]_____.

FHA Lender Amount: \$

In connection with the foregoing request and authorization, the undersigned Authorized Borrower Representative hereby certifies that:

(b) Each such item is or was necessary in connection with the acquisition, rehabilitation, installation, equipment or improvement of the Project, as defined in the Indenture.

(c) Each item for which disbursement is requested hereunder, and the cost for each such item, is materially as described in the information statement filed by the Issuer in connection with the issuance of the Bonds (as defined in the Indenture), as required by Section 149(e) of the Code; provided that if any such item is not materially as described in

that information statement, attached hereto is an Opinion of Bond Counsel to the effect that such disbursement will not adversely affect the Federal Tax Status of the Bonds.

(d) There is no current or existing event of default pursuant to the terms of the Loan Agreement or the Bond Regulatory Agreement and no event exists that by notice or passage of time or both would constitute an event of default under any of the foregoing documents.

(e) No amount for which disbursement is sought formed the basis for any prior disbursement.

(f) Each item for which disbursement is sought was or is necessary in connection with the Project and qualifies for disbursement pursuant to the provisions of the Loan Agreement.

(g) No representation or warranty of the Borrower contained in the Loan Agreement or the Bond Regulatory Agreement is materially incorrect or inaccurate, and there has been no event of default under the terms of any of those documents and no event shall exist which by notice, passage of time or both would constitute an event of default under any of those documents.

(h) This statement shall be conclusive evidence of the facts and statements set forth herein and shall constitute full warrant, protection and authority to the Trustee for its actions taken pursuant hereto.

(i) No Determination of Taxability (as defined in the Indenture) has occurred with respect to the Bonds.

This statement constitutes the approval of the Borrower of each disbursement hereby requested and authorized.

This _____ day of _____, 20__.

By: Authorized Borrower Representative

Lender Approval(s):

The foregoing Disbursement Request is hereby acknowledged and approved by:

Capital One, National Association, as FHA Lender

By: _____

Its: _____

Schedule 1

Purpose

Amount

Payee

Payee Wire Instructions

EXHIBIT C

\$ _____
West Virginia Housing Development Fund
Multifamily Housing Revenue Bonds, Series 2020
(Charles Towers)

COMPLETION CERTIFICATE

Pursuant to Section 3.9 of the Loan Agreement (the “**Loan Agreement**”) between the West Virginia Housing Development Fund (the “**Issuer**”) and Charles Towers Associates, L.P., a West Virginia limited partnership (the “**Borrower**”) dated as of _____ 1, 2020, and relating to the captioned Bonds, the undersigned Authorized Borrower hereby certifies that (with capitalized words and terms used and not defined in this Certificate having the meanings assigned or referenced in the Loan Agreement):

- (a) The rehabilitation of the Project was substantially completed and available and suitable for use as multifamily housing on _____.
- (b) The acquisition, rehabilitation, equipping and improvement of the Project and those other facilities have been accomplished in such a manner as to conform in all material respects with all applicable zoning, planning, building, environmental and other similar governmental regulations.
- (c) The costs of the Project financed with the Loan were \$_____.
- (d) The applicable Government having jurisdiction over the Project has issued all required certificates of occupancy with respect to each building in the Project.
- (e) At least 95% of the proceeds of the Bonds were expended for qualified Project costs as described in the Tax Certificate and Agreement.
- (f) This Certificate is given without prejudice to any rights against third parties that now exist or subsequently may come into being.

IN WITNESS WHEREOF, the Authorized Borrower Representative has set his or her hand as of the _____ day of _____.

Authorized Borrower Representative

EXHIBIT D
SOURCES AND USES

Sources of Funds

Bond Proceeds	\$
FHA Mortgage Loan	
Tax Credit Equity	
Deferred Developer Fee	
Operations Income	
Total	\$

Uses of Funds

Acquisition Costs	\$
Hard Costs	
Soft Costs	
Financing Fees	
Carrying Costs	
Reserves	
Developer Fee	
Payment of Bond Principal	
Total	\$

BOND PURCHASE AGREEMENT

\$5,500,000

**West Virginia Housing Development Fund
Multifamily Housing Revenue Bonds, Series 2020
(Charles Towers)**

December __, 2020

West Virginia Housing Development Fund
5710 MacCorkle Avenue SE
Charleston, WV 25304

Charles Towers Associates, L.P.
c/o Atlantic American Partners, LLC
269 S Main Street, Suite E
Providence, RI 02903

Ladies and Gentlemen:

Stifel, Nicolaus & Company, Incorporated, on its own behalf and not as your fiduciary (the “Underwriter”), and in its capacity as purchaser of the Bonds (as hereinafter defined) enters into the following agreement (the “Bond Purchase Agreement”) with the West Virginia Housing Development Fund (the “Issuer”), and Charles Towers Associates, L.P., a West Virginia limited partnership (the “Borrower”), which, upon acceptance of this offer, will be binding upon the Issuer, the Borrower and the Underwriter. This offer is made subject to the Issuer’s and the Borrower’s acceptance on or before 2:00 p.m., Eastern Standard time, today; if this offer is not timely accepted, it will thereafter be subject to withdrawal by the Underwriter upon written notice delivered to the Issuer and the Borrower at any time prior to the acceptance hereof by the Issuer and the Borrower. If and when accepted by the Issuer and the Borrower in writing, this Bond Purchase Agreement shall constitute the agreement of the Underwriter to purchase the Bonds on the terms and subject to the conditions herein set forth.

The above-captioned bonds are referred to herein as the “Bonds.” Capitalized terms not otherwise defined herein shall have the meanings set forth in the Indenture or the Loan Agreement (as each such term is hereinafter defined). The Indenture, the Loan Agreement, the Bond Regulatory Agreement, the Tax Certificate and Agreement and this Bond Purchase Agreement are hereinafter collectively referred to as the “Issuer Documents.” The Loan Agreement, the Bond Regulatory Agreement, the Note, the Tax Certificate and Agreement, the Continuing Disclosure Agreement, the Remarketing Agreement and this Bond Purchase Agreement are hereinafter collectively referred to as the “Borrower Documents.” The Indenture and the Bond Regulatory Agreement are hereinafter collectively referred to as the “Trustee Documents.”

SECTION 1. Purchase and Sale of the Bonds

Upon the terms and conditions and upon the basis of the representations and warranties herein set forth, the Underwriter hereby agrees to purchase from the Issuer, and the Issuer hereby agrees to sell to the Underwriter on December __, 2020 (the “Closing Date”), all (but not less than all) of the Bonds, at a price of par. The Borrower agrees to pay the Underwriter \$_____ plus \$_____ for certain fees and expenses in connection with the purchase of the Bonds (not including the fees of its counsel) (the “Underwriting Fee”) in addition to the other expenses stipulated in Section 9 herein (together with the Underwriting Fee, the “Fees”), [plus an additional amount equal to \$_____ (the “Underwriter’s Advance”) for initial deposit

established under the Indenture. [The Underwriter will be reimbursed on or before the Closing by the Borrower for the Underwriter's Advance.] The Fees are payable on the Closing Date. Payment of the Fees is solely the obligation of the Borrower. The Fees shall not include the fee of the Underwriter's counsel.

The Bonds shall be as described in, and shall be issued pursuant to, a Trust Indenture, dated as of December 1, 2020 (the "Indenture"), between the Issuer and Zions Bancorporation, National Association, as trustee (the "Trustee"). The Bonds shall be issued pursuant to a resolution adopted by the Issuer (the "Resolution") on October 28, 2020 and the West Virginia Housing Development Fund Act, constituting Article 18 of Chapter 31 of the Code of West Virginia, 1931, as amended (the "Act"). The Bonds will mature on the date, will bear interest at the Initial Interest Rate and are subject to mandatory tender on the Initial Mandatory Tender Date set forth on Schedule I attached hereto.

The proceeds of the Bonds will be used by the Issuer to provide funding for a loan to the Borrower (the "Loan") to finance the acquisition, rehabilitation and equipping of an 82-unit multifamily housing development to be owned and operated as an affordable multifamily rental housing project for seniors located in Charles Town, West Virginia, to be known as Charles Towers (the "Project"). The Loan will be evidenced by a promissory note from the Borrower (the "Note"). The Issuer and the Borrower will enter into a Loan Agreement dated as of December 1, 2020 (the "Loan Agreement") relating to the Bonds. The Issuer, the Trustee and the Borrower will enter into a Regulatory Agreement dated as of December 1, 2020 (the "Bond Regulatory Agreement") regarding the operation of the Project.

It shall be a condition (a) to the obligations of the Issuer to sell and deliver the Bonds to the Underwriter, and (b) to the obligations of the Underwriter with respect to the Bonds, to purchase and accept delivery of and to pay for the Bonds, that the entire aggregate principal amount of the Bonds shall be sold and delivered simultaneously by the Issuer and be purchased, accepted and paid for simultaneously by the Underwriter as to the Bonds.

SECTION 2. Offering of the Bonds and Issue Price Certificate

The Underwriter hereby agrees that:

- (i) the Underwriter will make a bona fide public offering of the Bonds at the price shown on Schedule I hereto;
- (ii) at least 10% of each maturity of the Bonds were sold at the price shown for that Maturity (as defined on Appendix D hereto) on the date hereof; and
- (iii) the Underwriter will provide to the Issuer and Hawkins Delafield & Wood LLP, New York, New York ("Bond Counsel") an executed Issue Price Certificate dated the Closing Date in a form substantially similar to Appendix D hereto.

SECTION 3. Official Statement

(a) The Issuer has delivered or caused to be delivered to the Underwriter copies of the Preliminary Official Statement dated December __, 2020 which, together with the cover page and appendices thereto, is herein referred to as the "Preliminary Official Statement." The Borrower deems the Preliminary Official Statement final as of its date for purposes of Rule 15c2-12 promulgated under the Securities Exchange Act of 1934, as amended ("Rule 15c2-12"), except for any information which is permitted to be omitted therefrom in accordance with paragraph (b)(1) thereof. Within seven (7) business days from the date hereof, and in any event not later than two (2) business days before the Closing Date, the Issuer shall deliver to the Underwriter the final Official Statement (the "Official Statement"), and such

additional conformed copies thereof as the Underwriter may reasonably request in sufficient quantities to comply with Rule 15c2-12 and rules of the Municipal Securities Rulemaking Board (the “MSRB”) and to meet potential customer requests for copies of the Official Statement. The Official Statement shall be in substantially the same form as the Preliminary Official Statement and, other than information previously permitted to have been omitted by Rule 15c2-12, the Borrower shall only make such other additions, deletions and revisions in the Official Statement which are approved by the Underwriter and the Issuer. The Issuer agrees to deliver to the Underwriter an electronic copy of the Official Statement in a form that permits the Underwriter to satisfy its obligations under the rules and regulations of the MSRB and the SEC.

(b) With its acceptance hereof, the Issuer will deliver, at the expense of the Borrower, to the Underwriter within seven (7) business days of the date hereof (or within such shorter period as may be requested by the Underwriter in order to accompany any confirmation that requests payment from any customer to comply with paragraph (b)(4) of Rule 15c2-12 and Rule G-32 and all other applicable rules of the MSRB), copies of the final Official Statement in an amount mutually agreed upon, dated the date hereof, together with all supplements and amendments thereto, as shall have been accepted by the Underwriter, signed on behalf of the Borrower and the Issuer.

The Issuer hereby consents to the use of the Official Statement by the Underwriter in conjunction with the public offering and pricing of the Bonds. Except for the information contained in the portions of the Official Statement under the captions “THE ISSUER” and “ABSENCE OF LITIGATION—The Issuer,” the Issuer has not confirmed, and assumes no responsibility for, the accuracy, completeness, sufficiency or fairness of any statements in the Official Statements or any amendments thereof or supplements thereto, or in any reports, financial information, offering or disclosure documents or other information relating to the Underwriter, the Project, the Borrower, or the history, businesses, properties, organization, management, financial condition, market area or any other matter relating to the Borrower or contained otherwise in the Official Statement.

(c) The Issuer agrees with the Underwriter that if between the date of this Bond Purchase Agreement and the date which is the earlier of (i) 90 days from the “end of the underwriting period,” as defined in Rule 15c2-12 or (ii) the time when the Official Statement is available to any person from the MSRB’s Electronic Municipal Market Access (“EMMA”) system, but in no case less than 25 days following the end of the underwriting period, any event shall occur which would or might cause the information supplied by or concerning the Issuer, contained in the Official Statement, as then supplemented or amended, to contain any untrue statement of a material fact or to omit to state a material fact required to be stated therein or necessary to make the statements therein, in light of circumstances under which they were made, not misleading, the Issuer shall notify the Underwriter thereof, and if in the reasonable opinion of the Underwriter such event requires the preparation and publication of a supplement or amendment to the Official Statement, the Issuer shall cooperate with the Underwriter in supplementing or amending the Official Statement, all costs of which will be borne by the Borrower, in such form and manner and at such time or times as may be reasonably called for by the Underwriter.

(d) Unless otherwise notified in writing by the Underwriter on or prior to the Closing Date, the Issuer and the Borrower can assume that the “end of the underwriting period” for the Bonds for all purposes of Rule 15c2-12 is the date of the Closing. Any notice to the contrary shall be given in writing by the Underwriter and such notice shall state that it relates to the Bonds, shall specify the “end of the underwriting period” (as defined in Rule 15c2-12) for the Bonds identified in such notice.

(e) At or prior to the Closing, the Underwriter shall file, or cause to be filed, the Official Statement with EMMA.

(f) In order to assist the Underwriter in complying with Rule 15c2-12, the Borrower will undertake, pursuant to the Continuing Disclosure Agreement, to provide annual financial information and notices of the occurrence of specified events. A description of the Continuing Disclosure Agreement is set forth in, and a form of such agreement is contained in, the Preliminary Official Statement and the Official Statement.

SECTION 4. Representations and Warranties of the Issuer

The Issuer represents and warrants as of the date hereof to the Underwriter and the Borrower as follows:

(a) By its execution hereof, the Issuer represents and warrants to, and agrees with the Underwriter that it is a public body corporate and governmental instrumentality of the State of West Virginia (the “State”), and has full legal right, power and authority (i) to enter into this Bond Purchase Agreement and the other Issuer Documents; (ii) to adopt the Resolution and cause the delivery of the Bonds to the Underwriter pursuant to the Resolution and the Indenture as provided herein; (iii) to lend the proceeds of the Bonds to the Borrower for the purpose set forth in the Official Statement; and (iv) to carry out and consummate the transactions contemplated by the Official Statement and the Issuer Documents;

(b) The Issuer has complied, and will at the Closing Date be in compliance in all material respects with the Issuer Documents and the relevant laws of the State, with respect to the Bonds;

(c) (i) At or prior to the Closing, the Issuer will have taken all action required to be taken by it to authorize the issuance and sale of the Bonds and the performance of its obligations hereunder; (ii) the Issuer has full legal right, power and authority to enter into the Issuer Documents, each as described in the Official Statement, will have full legal right, power and authority to deliver the Bonds to the Underwriter and to perform its obligations hereunder as provided in the Bonds and the Issuer Documents, and all other documents to be executed by the Issuer in accordance with the issuance of the Bonds; (iii) at or prior to the Closing, the execution and delivery of, and the performance by the Issuer of the obligations contained in the Bonds and the Issuer Documents shall have been duly authorized, and when executed the Issuer Documents will constitute valid and legally binding limited obligations of the Issuer enforceable against the Issuer in accordance with their respective terms, subject to any applicable bankruptcy, insolvency, reorganization or similar laws affecting the enforcement of creditors’ rights generally and the application of equitable principles where equitable remedies are sought and limitations on the enforcement of judgments against public bodies; (iv) the Issuer has duly authorized the consummation by it of all transactions contemplated by this Bond Purchase Agreement; and (v) the Issuer Documents have been duly and validly adopted by the Issuer and are at the time of acceptance in full force and effect;

(d) Between the date hereof and the Closing, the Issuer will not, without notifying the Underwriter in writing, issue any bonds, notes or other obligations for borrowed money on behalf of the Borrower except for such borrowings as may be described in or contemplated by the Official Statement;

(e) No further consent, approval, authorization or order of, or filing, registration or declaration with, any court or governmental agency or body which shall not have been obtained on or prior to Closing is required for the issuance, delivery or sale of the Bonds, or the consummation of the other transactions effected or contemplated herein or hereby except for such actions may be necessary to be taken to qualify the Bonds for offer and sale under the Blue Sky or other securities laws and regulations of such states and jurisdictions of the United States as the Underwriter shall designate, subject to Paragraph (k) of this Section;

(f) The information in the Official Statement under the captions “THE ISSUER” and “ABSENCE OF LITIGATION—The Issuer” (collectively, the “Issuer Information”) (as amended or

supplemented with the approval of the Underwriter, if the Official Statement shall have been amended or supplemented) is, as of the date hereof and as of the date thereof and at all times subsequent thereto up to and including the Closing Date, true, correct and complete in all material respects and does not, and will not, as of the Closing Date, contain any untrue statement of a material fact or omit to state a material fact necessary to be stated therein in order to make the statements therein, in the light of the circumstances under which they were made, not misleading;

(g) The Issuer, with respect to the Bonds, has not received notice that it is in material breach of or default under any applicable law or administrative regulation of the State, any department, division, agency or instrumentality thereof, or the United States or any applicable judgment or decree or any loan agreement, note, resolution, certificate, agreement or other instrument to which the Issuer is a party or is otherwise subject that would adversely affect the validity of the Bonds or the transactions contemplated herein; and the adoption of the Resolution and the execution and delivery of this Bond Purchase Agreement, the Bonds, the other Issuer Documents and all other documents to be executed by the Issuer in connection with the issuance of the Bonds, and compliance with the provisions of each thereof do not, to the Issuer's knowledge, conflict with or constitute a material breach of or default under any applicable law or administrative regulation of the State, any department, division, agency or instrumentality thereof, or the United States or any applicable judgment or decree, or any loan agreement, note, resolution, certificate, agreement or other instrument to which the Issuer, is a party or is otherwise subject;

(h) All approvals, consents, and orders of any governmental authority, board, agency or commission having jurisdiction which would constitute a condition precedent to the performance by the Issuer, of its obligations hereunder and under the Resolution, the Issuer Documents and the Bonds and all other documents to be executed by the Issuer in connection with the issuance of the Bonds have been obtained;

(i) The Bonds, when delivered and sold to the Underwriter as provided herein, will have been duly authorized and executed and will constitute validly issued and binding limited obligations of the Issuer in conformity with, and entitled to the benefit and security of, the Act and the Issuer Documents;

(j) The Issuer will not knowingly take any action after the date hereof which would cause the Bonds not to conform in all material respects to the description thereof contained in the Official Statement;

(k) The Issuer will furnish such information, execute such instruments and cooperate with the Underwriter as the Underwriter may reasonably request in order for the Underwriter (i) to qualify the Bonds for offer and sale under the Blue Sky or other securities laws and regulations of such states and other jurisdictions of the United States as the Underwriter may designate and (ii) to determine the eligibility of the Bonds for investment under the laws of such states and other jurisdictions; provided that the Issuer shall not be required to register as a dealer or broker in any jurisdiction, be obligated to qualify to do business in any state, consent to jurisdiction of any state or take any action that would subject it to general service of process in any state where not now subject, or comply with any other requirements deemed by it to be unduly burdensome;

(l) On the Closing Date, the Issuer Information in the Official Statement shall not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements therein, in light of the circumstances under which they were made, not misleading;

(m) Except as disclosed in the Official Statement, the Issuer has received no notice of any litigation pending or threatened in any court in any way affecting the existence of the Issuer or the title of any officer of the Issuer who is required to execute any of the Issuer Documents to the office held by such member or employee, or seeking to restrain or enjoin the issuance, sale or delivery of the Bonds or the

collection of revenues or assets of the Issuer pledged or to be pledged to pay the principal of and interest on the Bonds, or the pledge thereof, or in any way contesting or affecting the validity or enforceability of the Bonds, the Resolution or the Issuer Documents or contesting the completeness or accuracy of the Official Statement, or contesting the powers of the Issuer, or its authority with respect to the Bonds, the Resolution and the Issuer Documents;

(n) Any certificate relating to the issuance and delivery of the Bonds signed by an authorized member or officer of the Issuer and delivered to the Underwriter or Trustee at or prior to the Closing Date shall be deemed a representation and warranty by the Issuer in connection with this Bond Purchase Agreement to the Underwriter or the Trustee as to the statements made therein; and

(o) The Issuer agrees that all representations, warranties and covenants made by it herein, and in certificates, agreements or other instruments delivered pursuant hereto or in connection herewith, shall be deemed to have been relied upon by the Underwriter, and that all representations, warranties and covenants made by the Issuer herein and therein and all the Underwriter's rights hereunder and thereunder shall survive the delivery of the Bonds.

SECTION 5. Representations, Warranties and Agreements of the Borrower

The Borrower represents, warrants and agrees with the Underwriter and the Issuer as follows:

(a) The Borrower is duly formed and validly existing as a limited partnership under the laws of the State, has full legal right, power and authority to own its properties and to conduct its business as described in the Official Statement and as contemplated by the Borrower Documents and to enter into and to carry out and consummate the transactions contemplated by the Borrower Documents and the Official Statement, and is duly qualified to do such business and is in good standing wherever such qualification and/or standing are required, including the State.

(b) By all necessary action, the Borrower has duly authorized the Borrower Documents and approved the execution and delivery of the Borrower Documents, and the performance by the Borrower of its obligations in connection with the issuance of the Bonds on its part contained in the Borrower Documents and the consummation by it of all other transactions contemplated by the Indenture, the Official Statement and the Borrower Documents in connection with the issuance of the Bonds.

(c) On the Closing Date, the Borrower Documents will constitute the valid, legal and binding obligations of the Borrower (assuming due authorization, execution and delivery by the respective other parties thereto, where necessary), enforceable in accordance with their respective terms, except as enforcement may be limited by bankruptcy, insolvency, reorganization, moratorium and other similar laws of general applicability affecting the enforcement of creditors' rights and to general principles of equity, regardless of whether such enforceability is considered in equity or in law.

(d) As of the date hereof, the Borrower is not in any material respect in violation of, breach of or default under any applicable law of the State or of any state in which the Borrower is authorized to do business or of the United States, or any order, rule or regulation of any court or governmental agency or body having jurisdiction over the Borrower or any of its activities, properties or assets, or any indenture, mortgage, deed of trust, resolution, note agreement (including, without limitation, the Borrower Documents) or other agreement or instrument to which the Borrower is a party or by which the Borrower or any of its property or assets is bound, which violation or breach of or default would have a material adverse effect upon the transactions contemplated by this Bond Purchase Agreement, and no event has occurred and is continuing which with the passage of time or the giving of notice, or both, would constitute such a default or event of default under any such instruments; and the execution and delivery of the

Borrower Documents, and compliance with the provisions on the Borrower's part contained therein, do not and will not conflict with or constitute on the part of the Borrower a violation or breach of or default under any law of the State or of any state in which the Borrower is authorized to do business or of the United States, or any order, rule or regulation of any court or governmental agency or body having jurisdiction over the Borrower or any of its activities, properties or assets, or any indenture, mortgage, deed of trust, resolution, note agreement (including, without limitation, the Borrower Documents) or other agreement or instrument to which the Borrower is a party or by which the Borrower or any of its property or assets are bound which violation, breach or default would have a material adverse effect upon the transactions contemplated by this Bond Purchase Agreement, nor will any such execution, delivery or compliance result in the creation or imposition of any lien, charge or other security interest or encumbrance of any nature whatsoever upon any of the property or assets of the Borrower or under the terms of any such law, regulation or instrument, except as provided by the Bonds or the Borrower Documents.

(e) To the best of the Borrower's knowledge after due inquiry, no consent, approval, authorization or order of any court or governmental body is required for the consummation by the Borrower of the transactions contemplated by this Bond Purchase Agreement and the Borrower Documents except such as have already been obtained or will be obtained on or prior to Closing or may be required under the state securities or "Blue Sky" laws in connection with the purchase and distribution of the Bonds by the Underwriter.

(f) The information contained in the Official Statement (as amended or supplemented with the approval of the Underwriter, if the Official Statement shall have been amended or supplemented) as of the date hereof and as of the date thereof and at all times subsequent thereto up to and including the Closing Date, does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements contained therein, in the light of the circumstances under which they were made, not misleading.

(g) As of the date hereof, there is no action, suit, proceeding, inquiry or investigation of which the Borrower has been notified, at law or in equity, before or by any judicial or administrative court or governmental agency or body, state, federal or other, pending or, to the best knowledge of the Borrower, threatened against the Borrower, affecting the existence of the Borrower or the titles of its officers executing this Bond Purchase Agreement to their respective offices, or contesting or affecting as to the Borrower the validity or enforceability of the Bonds, any of the Borrower Documents or the execution and delivery or adoption by the Borrower of any of the Borrower Documents, or in any way contesting or challenging the completeness or accuracy of the Official Statement or the powers of the Borrower or its authority with respect to the Borrower Documents or the consummation of the transactions contemplated hereby or thereby; nor, to the best knowledge of the Borrower, is there any basis for any such action, suit, proceeding, inquiry or investigation, wherein an unfavorable decision, ruling or finding would materially adversely affect the financial condition or operations of the Borrower or the validity of the authorization, execution, delivery or performance by the Borrower of any of the Borrower Documents.

(h) The Borrower will furnish such information, execute such instruments and take such other action in cooperation with the Underwriter as the Underwriter may reasonably request in order (i) to qualify the Bonds for offer and sale under the Blue Sky or other securities laws and regulations of such states and other jurisdictions of the United States as the Underwriter may designate and (ii) to determine the eligibility of the Bonds for investment under the laws of such states and other jurisdictions, and will use its best efforts upon the reasonable request of the Underwriter to continue such qualifications in effect so long as required for the distribution of the Bonds; provided, however, that the Borrower shall not be required to pay any amounts, register as a dealer or broker of securities or execute a general or special consent to service of process or qualify to do business in any jurisdiction where it is not now so subject.

(i) Any certificate signed by the Borrower and delivered to the Underwriter or the Issuer pursuant to the Indenture or the Borrower Documents shall be deemed a representation and warranty in accordance with such certificate's provisions by the Borrower to the Underwriter and the Issuer as to the statements made therein as of the date thereof.

(j) The Borrower will not take or omit to take any action, which action or omission will adversely affect the exclusion from gross income for federal income tax purposes of the interest on the Bonds under the Internal Revenue Code of 1986, as amended.

(k) The Borrower shall honor all other covenants made by the Borrower contained in the Borrower Documents.

(l) All permits, licenses and other authorizations necessary for the ownership, acquisition, rehabilitation and equipping of the Project in the manner contemplated by the Official Statement and the Borrower Documents have been obtained or will be obtained by the time required, and said ownership, acquisition, rehabilitation and equipping are not in conflict with any zoning or similar ordinance applicable to the Project.

(m) As of the date hereof, the Borrower is not in nor has been in default under any prior continuing disclosure agreement or undertaking entered into in connection with a prior plan of financing subject to Rule 15c2-12.

The execution and delivery of this Bond Purchase Agreement by the Borrower shall constitute a representation to the Underwriter and the Issuer that the representations and warranties contained in this Section 5 are true as of the date hereof.

SECTION 6. Indemnification

(a) The Borrower agrees to pay, defend, protect, indemnify save and hold harmless the Issuer, the Trustee, the Underwriter and each affiliate, member, officer, director, official, employee and agent of the Issuer, the Trustee, the Underwriter and each person, if any, who controls any of the foregoing within the meaning of Section 15 of the Securities Act of 1933, as amended, or Section 20 of the Securities Exchange Act of 1934, as amended (a "Control Person") (collectively referred to herein as the "Indemnified Parties"), against any and all liabilities, losses, damages, costs, expenses (including reasonable attorneys' fees), causes of action (whether in contract, tort or otherwise), suits, claims, demands and judgments of any kind, character and nature (collectively referred to herein as the "Liabilities") caused by or directly or indirectly arising from or in any way relating to (i) the Bonds, the Project, the loan of the proceeds of the Bonds, the Loan Agreement, the Indenture, the Bond Regulatory Agreement, this Bond Purchase Agreement or any document related to the Bonds, the Loan or any transaction or agreement, written or oral, pertaining to the foregoing or (ii) any untrue or misleading statement of a material fact (except for the information under the captions "THE ISSUER" and "ABSENCE OF LITIGATION — The Issuer") contained in the Official Statement or any omission of a material fact necessary to be stated therein in order to make the statements made therein, in the light of the circumstances under which they were made, not misleading.

(b) The Borrower also agrees to pay, defend, protect, indemnify, save and hold harmless the Issuer and the Underwriter and each affiliate, member, officer, director, official, employee and agent of the Issuer and the Underwriter from and against all Liabilities directly or indirectly arising from or relating to any fraud or misrepresentations or omissions contained in the proceedings of the Issuer pertaining to the financial condition of the Borrower; provided, however that, except with regard to the Issuer, the foregoing indemnity of an Indemnified Party pursuant to Section 6(a) and this Section 6(b) shall not apply to any loss

to the extent such damages are caused by the gross negligence or willful misconduct or default of such Indemnified Party or any affiliate, member, officer, director, official, employee, agent or Control Person of such Indemnified Party or of the Principal Indemnified Party with which said party is affiliated.

(c) Any Indemnified Party shall notify the Borrower of the existence of any Liability to which this indemnification obligation would apply and shall give to the Borrower an opportunity to defend the same at the Borrower's expense and with counsel reasonably satisfactory to the Indemnified Party, provided that the Indemnified Party shall at all times also have the right to fully participate in the defense but not to take any action to settle the same without the approval of the Borrower which approval shall not be unreasonably withheld. Each Indemnified Party shall have the right to engage separate counsel in any such action or proceeding and participate in the investigation and defense of the action or proceeding and the Borrower shall be obligated to pay the reasonable fees and expenses of such separate counsel if the Indemnified Party reasonably determines that a conflict of interest exists between the interests of the Indemnified Party and the interests of the Borrower. If the Borrower shall, after this notice and within a period of time necessary to preserve any and all reasonable defenses to any claim asserted, fail to assume the defense or to employ counsel for that purpose satisfactory to the Indemnified Party, the Indemnified Party shall have the right, but not the obligation, to undertake the defense of, and to compromise or settle the claim or other matter on behalf of, for the account of, and at the risk, cost and expense of, the Borrower.

(d) The Indemnified Parties, other than the Issuer and the Underwriter, shall be considered to be third-party beneficiaries of this Bond Purchase Agreement for purposes of this Section 6. The provisions of this Section 6 will be in addition to all liability that the Borrower may otherwise have under law or any other Borrower Document and shall survive any termination of this Bond Purchase Agreement, the offering and sale of the Bonds and the payment or provisions for payment of the Bonds.

(e) The indemnification hereunder shall be in addition to, and shall not limit, any indemnity granted by the Borrower pursuant to the Loan Agreement or any other document, including the Remarketing Agreement.

(f) All indemnification obligations are subject to the limitations in Section 18 of this Bond Purchase Agreement.

(g) In order to provide for just and equitable contribution in circumstances in which the indemnity provided for in this Section 6 is for any reason held to be unavailable, the Borrower and the Indemnified Party shall contribute proportionately to the aggregate Liabilities to which the Borrower and the Indemnified Party may be subject, so that the Indemnified Party is responsible for that portion represented by the percentage that the fees paid by the Borrower to the Indemnified Party in connection with the issuance and administration of the Bonds bear to the aggregate offering price of the Bonds, with the Borrower responsible for the balance; provided, however, that in no case shall the Indemnified Party be responsible for any amount in excess of the fees paid by the Borrower to the Indemnified Party in connection with the issuance and administration of the Bonds. No person guilty of fraudulent misrepresentation (within Section 10(b) of the Securities Act of 1933) shall be entitled to contribution from any person who was not guilty of such misrepresentation.

SECTION 7. Closing

At 10:00 a.m., Eastern Standard time, on December __, 2020, or at such time on such earlier or later date as shall be agreed upon in writing by the Issuer, the Borrower and the Underwriter, the Issuer shall direct the Trustee to deliver the Bonds to the Underwriter through the facilities of The Depository Trust Company ("DTC"), New York, New York, in definitive form, duly executed and authenticated by the Trustee. Subject to the terms and conditions hereof, the Issuer shall deliver, or cause to be delivered, at

the offices of Bond Counsel the other documents and instruments to be delivered pursuant to this Bond Purchase Agreement (the “Closing Documents”) and the Underwriter shall accept delivery of the Bonds and Closing Documents and pay the purchase price for the Bonds by wire transfer, to the Trustee, in immediately available federal funds, for the account of the Issuer or as the Issuer shall direct. As a condition precedent to such acceptance, the Underwriter shall have received the Underwriting Fee by wire transfer in immediately available federal funds to the order of the Underwriter, in such manner as shall be agreed upon by the Borrower and the Underwriter. This delivery and payment is herein called the “Closing” and the date on which the Closing occurs is herein called the “Closing Date.” If the Underwriter shall make such request, the applicable Bonds shall be made available to the Underwriter one business day before the Closing at the offices of DTC for purposes of inspection and packaging. The Bonds shall be prepared and delivered as fully registered Bonds without coupons in the denominations set forth in the Official Statement or multiples thereof. The ownership of one fully registered Bond in the aggregate principal amount of the Bonds, each bearing a proper, duly assigned CUSIP number will be issued initially in the name of Cede & Co., as nominee of DTC.

SECTION 8. Closing Conditions

The Underwriter has entered into this Bond Purchase Agreement in reliance upon representations, warranties and agreements of the Issuer and the Borrower contained herein, in reliance upon the representations, warranties and agreements to be contained in the documents and instruments to be delivered at the Closing and upon the performance by the Issuer and the Borrower of their obligations hereunder, both as of the date hereof and as of the Closing Date. Accordingly, the Underwriter’s obligations under this Bond Purchase Agreement to purchase, to accept delivery of and to pay for the Bonds shall be subject to the performance by the Issuer and the Borrower of their obligations to be performed by them hereunder at or prior to the Closing, and to the accuracy in all material respects of the representations and warranties of the Issuer and of the Borrower contained herein as of the date hereof and as of the Closing as if made on the Closing Date, and shall also be subject to the following additional conditions:

(a) At the time of the Closing, the Resolution shall have been duly approved and adopted by the Issuer and shall be in full force and effect and the Issuer Documents shall have been duly authorized, executed and delivered, and shall not have been amended, modified or supplemented, except as may have been agreed to in writing by the Underwriter and there shall have been taken in connection therewith and in connection with the issuance of the Bonds all such actions as, in the opinion of Bond Counsel, and counsel for the Underwriter, shall be necessary and appropriate in connection with the transactions contemplated hereby.

(b) The Underwriter may terminate this Bond Purchase Agreement by notification in writing to the Issuer and the Borrower if at any time subsequent to the date hereof and at or prior to the Closing:

(i) (A) legislation shall be enacted by the Congress of the United States or adopted by the Senate or House of Representatives of the United States, or recommended to the Congress for passage by the President of the United States, or favorably reported for passage to the Senate or House of Representatives by any committee of either such body to which such legislation has been referred for consideration or by a conference committee of such bodies, (B) a decision shall be rendered by a court of the United States or by the Tax Court of the United States, (C) a ruling, regulation or official action shall be rendered by or on behalf of the United States, or (D) a ruling, regulation or official action shall be proposed or issued, in any manner, including by pronouncement, press release or any other form of notice, by or on behalf of the Treasury Department of the United States, the Internal Revenue Service or another governmental agency of the United States or by or on behalf of any member of the Senate or House of Representatives of the United States in any such instance with respect to federal taxation of interest received on

obligations of the general character of the Bonds and which (1) in the opinion of counsel for the Underwriter would have or proposes action which would have the effect of making such interest includable in gross income for federal income tax purposes or (2) which, in the opinion of the Underwriter would materially adversely affect any intended utilization of Bond proceeds or other intended action described in the Official Statement;

(ii) between the date hereof and the Closing, payment for and delivery of the Bonds is rendered impracticable or inadvisable because (A) trading in securities generally shall have been suspended on the New York Stock Exchange or a general banking moratorium shall have been established by Federal or New York authorities or (B) a war involving the United States shall have been declared or escalated (including, without limitation, an act of terrorism, the declaration by the United States of a national emergency or war, or any other calamity or crisis in the financial markets of the United States or elsewhere, or the escalation of such calamity or crisis), or another national or international calamity shall have occurred or escalated, the effect of any of which, in the reasonable judgment of the Underwriter materially adversely affects the marketability of the Bonds (it being agreed by the parties hereto that there is no war or national calamity of such a nature as of the date hereof);

(iii) any event shall occur or exist which, in the reasonable judgment of the Underwriter either makes untrue or incorrect in any material respect any statement or information contained in the Official Statement, any statement or information is not reflected in the Official Statement but should be reflected therein for the purpose for which the Official Statement is to be used in order to make the statements or information contained therein not misleading in any material respect;

(iv) legislation shall be enacted, or any action shall be taken by the Securities and Exchange Commission, which, in the opinion of counsel for the Underwriter has or may have the effect of requiring the contemplated distribution of the Bonds to be registered under the Securities Act of 1933, as amended, or the Indenture to be qualified as an indenture under the Trust Indenture Act of 1939, as amended; or

(v) an occurrence, in the reasonable judgment of Underwriter, of a material adverse change in the capital markets which makes the syndication, sale or financing contemplated hereby impractical or which makes it inadvisable to proceed with the syndication, sale or financing contemplated hereby on the terms, manner and basis contemplated hereby;

(vi) the rating of the Bonds shall have been downgraded or withdrawn by Moody's Investors Service, Inc. (the "Rating Agency");

(vii) there occurs any change in the financial condition or affairs of the Borrower, the effect of which is, in the reasonable judgment of the Underwriter, so material and adverse as to make it impracticable or inadvisable to proceed with the offering or delivery of the Bonds on the terms and in the manner contemplated herein or by the Official Statement; or

(viii) any litigation is instituted to restrain or enjoin the issuance, sale or delivery of the Bonds or in any way contesting or questioning the Issuer for or the validity of the Bonds or the money or revenues pledged to the payment thereof or any of the proceedings of the Issuer taken with respect to the issuance and sale thereof.

(c) At or prior to the Closing, the Underwriter shall receive the following documents:

(i) an approving opinion of Bond Counsel addressed to the Issuer, dated the Closing Date substantially in the form attached to the Official Statement, and a reliance letter of such counsel dated the Closing Date and addressed to the Underwriter;

(ii) opinions or certificates, as the case may be, dated the Closing Date and addressed to the Underwriter and to such other parties as may be appropriate, (including, in the case of the opinions referred to in clauses (A) and (B), reliance letters addressed to the Borrower and the Underwriter) of:

(A) Bond Counsel, substantially in the form attached hereto as Appendix A;

(B) Borrower's Counsel, in the form and substance acceptable to the Underwriter and its counsel and Bond Counsel, attached hereto as Appendix B;

(C) An opinion of Tiber Hudson LLC, counsel to the Underwriter, satisfactory in form and substance to the Underwriter;

(D) Issuer's Counsel, in the form and substance acceptable to the Underwriter and its counsel and Bond Counsel; and

(E) Trustee's Counsel, in the form and substance acceptable to the Underwriter and its counsel and Bond Counsel.

(iii) the Borrower's 15c2-12 Certificate, duly executed by the Borrower, attached hereto as Appendix C;

(iv) a certificate, dated the Closing Date and signed on behalf of the Issuer, delivered to the Underwriter and the Borrower, to the effect that:

(A) Except as disclosed in the Official Statement, the Issuer has received no notice of any action, suit, proceeding, inquiry or investigation, at law or in equity, by or before any court, public board or body, pending or threatened against or affecting the Issuer, wherein an unfavorable decision, ruling or finding would: (a) affect the creation, existence or powers of the Issuer, or the title to the office of the officers who are required to execute any of the Issuer Documents thereof, (b) limit, enjoin or restrain the issuance, sale and delivery of the Bonds, or the payment, collection or application of the revenues and limit, enjoin or restrain other moneys and securities pledged or to be pledged under the Indenture or the pledge thereof, (c) impair any of the rights, powers, duties or obligations of the Issuer with respect to the moneys and assets pledged or to be pledged to pay the principal of or redemption price, if any, or interest on the Bonds, (d) question or affect the authority for or validity of the Bonds, the Issuer Documents or the Resolution, or (e) question or affect its obligations as contemplated by any other agreement or instrument related to the Bonds to which the Issuer is a party;

(B) the Issuer has complied or will comply with all agreements, covenants and arrangements and has satisfied all conditions on its part to be complied with, performed or satisfied in connection with the issuance and delivery of the Bonds at or prior to the Closing Date;

(C) the representations and warranties of the Issuer contained herein, in the Issuer Documents, are true, complete and correct in all material respects as of the Closing Date; and

(D) the statements contained in the Official Statement under the captions “THE ISSUER” and “ABSENCE OF LITIGATION—The Issuer,” are true and correct in all material respects;

(v) a certificate of the Issuer and the Borrower as to arbitrage and other federal tax matters in form and substance acceptable to the Issuer, Bond Counsel and the Underwriter;

(vi) a certificate of the Borrower, dated the Closing Date, that (A) each of the representations and warranties set forth in the Borrower Documents (including this Bond Purchase Agreement) is true and correct in all material respects on the Closing Date with the same effect as if made on the Closing Date, (B) the Borrower Documents are in full force and effect and have not been amended, modified or supplemented, (C) to the knowledge of the Borrower, no event has occurred since the date of the Official Statement which should be disclosed in the Official Statement for the purpose for which it is to be used or which is necessary to be disclosed therein in order to make the statements and information therein not misleading in any material respect, and (D) the Borrower has complied with all agreements and satisfied all the conditions on its part to be performed or satisfied under the Borrower Documents at or prior to the Closing Date;

(vii) a certificate of the Trustee, dated the Closing Date, that (A) the Trustee is a national banking association duly organized and existing under the laws of the United States, with trust and fiduciary powers in the State, and has full power and authority and is qualified to undertake the trusts of the Indenture, to execute and deliver the Trustee Documents and to perform its obligations thereunder; (B) the Trustee has duly authorized, executed and delivered the Trustee Documents, and each of the Trustee Documents constitutes the legal, valid and binding obligation of the Trustee enforceable in accordance with its respective terms, such enforcement being subject to bankruptcy, insolvency, debt adjustment, moratorium, reorganization or similar laws affecting creditors’ rights generally and subject to the exercise of judicial discretion in appropriate cases; and (C) the Trustee has duly authenticated and delivered the Bonds in accordance with the terms of the Indenture;

(viii) counterpart originals or certified copies of each of the Issuer Documents, Borrower Documents and Trustee Documents;

(ix) written evidence satisfactory to the Underwriter that the Rating Agency has issued a rating of “Aaa/VMIG 1” for the Bonds and such rating shall be in effect on the Closing Date;

(x) such agreements, certificates and opinions as requested by the Underwriter to evidence the closing of the Loan;

(xi) such additional legal opinions, certificates (including any certificates necessary or desirable in order to establish the exclusion of the interest on the Bonds from gross income for federal income tax purposes), instruments and other documents as the Underwriter may reasonably request to evidence the truth and accuracy, as of the Closing Date, of the Issuer’s representations herein and in the Official Statement and the due performance or satisfaction by the Issuer at or prior to such date of all agreements then to be performed, and all conditions then to be satisfied by the Issuer;

If the obligations of the Underwriter shall be terminated for any reason permitted by this Bond Purchase Agreement, neither the Underwriter, nor the Issuer shall be under further obligation hereunder.

SECTION 9. Expenses

The Underwriter shall be under no obligation to pay, and the Borrower hereby agrees to pay from funds available at Closing other than proceeds of the Bonds, all expenses incident to the performance of the Issuer's obligations hereunder, including, but not limited to, (a) the costs of printing and preparation for printing or other reproduction for distribution and use in connection with the offering and placement of the Bonds, such number of copies as the Underwriter shall require of the Indenture, the Resolution and the Official Statement, as well as any delivery costs incurred in connection with the distribution of the foregoing documents; (b) the cost of preparing the definitive Bonds; (c) the fees and disbursements of Bond Counsel in connection with the authorization and issuance of the Bonds; the fees and expenses of the Trustee and its counsel; the fees and expenses of the Issuer and its counsel; the fees and expenses of counsel to the Underwriter; (d) the fees of the Rating Agency in connection with the rating of the Bonds; (e) all advertising expenses in connection with the public offering of the Bonds; (f) any other expenses of the Underwriter (other than those required hereunder to be paid solely by the Underwriter); [(g) reimbursement to the Underwriter of the Underwriter's Advance]; and (h) all other expenses in connection with the offer, sale and placement of the Bonds. The Issuer shall not have any obligation to pay any fees, expenses or costs associated with or resulting from the issuance and delivery of the Bonds. Notwithstanding anything to the contrary, in the event the transaction contemplated hereby does not close, the Borrower shall pay all fees and expenses incurred in connection with the transaction.

The Borrower acknowledges that it has had an opportunity, in consultation with such advisors as it may deem appropriate, if any, to evaluate and consider the fees and expenses being incurred in connection with the issuance of the Bonds. The Borrower has agreed to pay the Underwriting Fee set forth in Section 1 of this Bond Purchase Agreement, and inclusive in the expense component of the Underwriting Fee are actual expenses incurred or paid for by the Underwriter on behalf of the Borrower in connection with the marketing, issuance, and delivery of the Bonds, including, but not limited to, advertising expenses, the costs of any preliminary and final blue sky memoranda, CUSIP fees, and transportation, lodging, and meals for the Borrower's employees and representatives.

SECTION 10. Notices

Any notice or other communication to be given to the Issuer or the Borrower at the respective addresses set forth on the first page hereof and any such notice or other communication to be given to the Underwriter may be given by mailing the same to Stifel, Nicolaus & Company, Incorporated, 2660 Eastchase Lane, Suite 400, Montgomery, AL 36117, Attention: John Sabatier.

SECTION 11. Parties in Interest

This Bond Purchase Agreement is made solely for the benefit of the Issuer, the Borrower and the Underwriter (including any successor or assignees of the Underwriter), and, except as provided in Section 6 hereof, no other party or person shall acquire or have any right hereunder or by virtue hereof.

SECTION 12. Amendments

This Bond Purchase Agreement may not be amended without the written consent of the Issuer, the Borrower and the Underwriter.

SECTION 13. Survival of Representations and Warranties

The representations and warranties of the Issuer and the Borrower shall not be deemed to have been discharged, satisfied or otherwise rendered void by reason of the Closing and regardless of any investigations made by or on behalf of the Underwriter (or statements as to the results of such investigations) concerning such representations and statements of the Issuer and the Borrower and regardless of delivery of and payment for the Bonds.

SECTION 14. Execution in Counterparts

This Bond Purchase Agreement may be executed by the parties hereto in separate counterparts, each of which when so executed and delivered shall be an original, but all such counterparts shall together constitute but one and the same instrument.

SECTION 15. No Prior Agreements

This Bond Purchase Agreement supersedes and replaces all prior negotiations, agreements and understandings between the parties hereto in relation to the sale of Bonds for the Issuer.

SECTION 16. Effective Date

This Bond Purchase Agreement shall become effective and binding upon the respective parties hereto upon the execution of the acceptance hereof by the Issuer and the Borrower and shall be valid and enforceable as of the time of such acceptance.

SECTION 17. Governing Law

This Bond Purchase Agreement shall be governed by the internal laws of the State without giving effect to the conflict of law principles of the State.

SECTION 18. HUD Provisions

In the event of any conflict and to the extent that there is any inconsistency or ambiguity between the provisions of this Bond Purchase Agreement and the provisions of the Controlling HUD and GNMA Requirements or the FHA Mortgage Loan Documents, the Controlling HUD and GNMA Requirements and FHA Mortgage Loan Documents will be deemed to be controlling, and any such ambiguity or inconsistency will be resolved in favor of, and pursuant to the terms of the Controlling HUD and GNMA Requirements and FHA Mortgage Loan Documents, as applicable.

Enforcement of the covenants in this Bond Purchase Agreement will not result in, and neither the Issuer nor the Trustee has or shall be entitled to assert, any claim against the Project, the FHA Mortgage Loan proceeds, any reserves or deposits required by HUD in connection with the FHA Mortgage Loan transaction, or the rents or deposits or other income of the Project other than available "Surplus Cash" as defined in the HUD Regulatory Agreement.

Failure of the Underwriter, the Issuer or the Borrower to comply with any of the covenants set forth in this Bond Purchase Agreement will not serve as a basis for default on the FHA Mortgage Loan, the underlying mortgage, or any of the other FHA Mortgage Loan Documents.

SECTION 19. Underwriter Not Acting as Advisor or Fiduciary

The Issuer and the Borrower each acknowledge and agree that (i) the purchase and sale of the Bonds pursuant to this Bond Purchase Agreement is an arm's-length commercial transaction among the Issuer, the Borrower, and the Underwriter, (ii) in connection therewith and with the discussions, undertakings and procedures leading up to the consummation of such transaction, the Underwriter is and has been acting solely as a principal and is not acting as the agent, municipal advisor, financial advisor, or fiduciary of the Issuer or the Borrower, (iii) the Underwriter has not assumed individually or collectively any advisory or fiduciary responsibility in favor of the Issuer or the Borrower with respect to the offering contemplated hereby or the discussions, undertakings and procedures leading thereto (irrespective of whether the Underwriter has advised or provided other services or is currently advising or providing other services to the Issuer or the Borrower on other matters) and the Underwriter has no obligation to the Issuer or the Borrower with respect to the offering contemplated hereby except the obligations expressly set forth in this Bond Purchase Agreement and (iv) the Issuer and the Borrower have consulted their own legal, financial, accounting, tax and other advisors to the extent they deem appropriate in connection with the offering of the Bonds. The primary role of the Underwriter is to purchase the Bonds in an arm's-length commercial transaction between the Issuer and the Underwriter for resale to investors. The Underwriter has financial and other interests that differ from those of the Issuer.

[Remainder of page intentionally left blank]

If the foregoing is in accordance with your understanding of the Bond Purchase Agreement please sign and return to us the enclosed duplicate copies hereof, whereupon it will become a binding agreement among the Issuer, the Borrower, the Underwriter in accordance with its terms.

Very truly yours,

**STIFEL, NICOLAUS & COMPANY,
INCORPORATED**

By: _____

John Sabatier
Managing Director

[Signatures continue on next page]

[Issuer Signature Page to the Bond Purchase Agreement]

**WEST VIRGINIA HOUSING DEVELOPMENT
FUND**

By: _____

Erica L. Boggess
Executive Director

[Signatures continue on next page]

[Borrower Signature Page to the Bond Purchase Agreement]

CHARLES TOWERS ASSOCIATES, L.P.,
a West Virginia limited partnership

By: AAP Charles Towers, LLC,
a West Virginia limited liability company,
its general partner

By: _____
Kevin Orth
Manager

SCHEDULE I

**AMOUNT, MATURITY, INITIAL MANDATORY TENDER DATE AND
INITIAL INTEREST RATE**

Principal Amount	Initial Mandatory Tender Date	Maturity Date	Initial Interest Rate	Price
\$5,500,000	June 1, 2022	June 1, 2023	____%	100%

APPENDIX A

FORM OF SUPPLEMENTAL OPINION OF BOND COUNSEL

_____, 2020

Stifel, Nicolaus & Company, Incorporated
Montgomery, Alabama

Re: \$5,500,000 West Virginia Housing Development Fund Multifamily Housing Revenue Bonds, Series 2020 (Charles Towers) (the “Bonds”)

Ladies and Gentlemen:

We have acted as Bond Counsel in connection with the issuance and sale by the West Virginia Housing Development Fund (the “Issuer”), a public body corporate and governmental instrumentality of the state of West Virginia, organized and existing under Article 18 of Chapter 31 of the Code of West Virginia, 1931, as amended (the “Act”), of the above-referenced bonds (the “Bonds”). The Bonds are being issued pursuant to the Act, the Bond Authorizing Resolution adopted by the Issuer on _____, 2020, and a Trust Indenture dated as of December 1, 2020 (the “Indenture”) between the Issuer and Zions Bancorporation, National Association, as trustee (the “Trustee”). Capitalized terms used herein and not otherwise defined shall have the meanings as set forth in the Indenture.

In connection with rendering this supplemental opinion, we have reviewed (i) the Official Statement (the “Official Statement”) prepared in connection with the offering of the Bonds, (ii) the Indenture, (iii) the Loan Agreement dated as of December 1, 2020 between the Issuer and Charles Towers Associates, L.P. (the “Borrower”), (iv) the Regulatory Agreement dated as of December 1, 2020 (the “Bond Regulatory Agreement”) among the Issuer, the Borrower and the Trustee, (v) the Bond Purchase Agreement dated _____, 2020 (“Bond Purchase Agreement”) among the Issuer, the Borrower, and Stifel, Nicolaus & Company, Incorporated, as the Underwriter, and (vi) such other documents, certificates and opinions to the extent we deemed necessary to render the opinions and conclusions set forth herein.

As to questions of fact material to our opinion, we are relying upon (i) representations of the Issuer and the Borrower contained in the documents underlying the issuance of the Bonds, (ii) certified proceedings and other certificates of public officials furnished to us and (iii) other certifications and opinions given to us, without undertaking to verify any of the foregoing by independent investigation.

We have assumed the accuracy and truthfulness of all public records and of all certifications, documents, written opinions and other proceedings provided to us, the authenticity of all documents submitted to us as originals, the genuineness of all signatures appearing on documents we have examined, the conformity to the originals of all documents submitted to us as certified or photostatic copies and the legal capacity of natural persons executing all executed documents.

Based on the foregoing, we are of the opinion as of the date hereof that:

1. The Bond Purchase Agreement has been duly authorized, executed and delivered by the Issuer and, assuming due authorization, execution and delivery by the other parties thereto, constitutes a valid and binding agreement of the Issuer, enforceable against the Issuer in accordance with its terms;

provided that enforceability of the Bond Purchase Agreement is subject to and may be limited by the provisions of bankruptcy, insolvency, reorganization, moratorium, or similar laws affecting creditors' rights generally, now or hereafter in effect, general principals of equity (regardless of whether such enforceability is considered in a proceeding in equity or at law) and the limitations on legal remedies against political subdivisions in the State of West Virginia.

2. The Bonds are exempt securities within the meaning of Section 3(a)(2) of the Securities Act of 1933, as amended (the "1933 Act") and, accordingly, the offer and sale thereof do not require registration under the 1933 Act or qualification of the Indenture under the Trust Indenture Act of 1939, as amended. No opinion is expressed with respect to the necessity of the registration of the Bonds under the "blue sky" or securities laws of any state, territory or possession of the United States or of the State of West Virginia.

3. The information contained in the Official Statement under the captions "THE BONDS" (excluding the information set forth under the subcaption "Book-Entry-Only System" therein), "SECURITY AND SOURCES OF PAYMENT FOR THE BONDS" and "TAX MATTERS" and the information in APPENDIX A – "DEFINITIONS OF CERTAIN TERMS", APPENDIX B – "SUMMARY OF CERTAIN PROVISIONS OF THE TRUST INDENTURE", APPENDIX C – "SUMMARY OF CERTAIN PROVISIONS OF THE LOAN AGREEMENT", APPENDIX D – "SUMMARY OF CERTAIN PROVISIONS OF THE BOND REGULATORY AGREEMENT" and APPENDIX F – "PROPOSED FORM OF BOND COUNSEL OPINION," insofar as such information purports to summarize the Indenture, the Loan Agreement, the Bond Regulatory Agreement, the Bonds and the Internal Revenue Code of 1986, as amended, fairly summarize the documents and legal matters referred to therein.

This opinion is rendered for the sole benefit of the addressees listed above, and may not be delivered or circulated to any other parties or relied upon by any other parties without our prior written consent.

The opinions and conclusions set forth herein may be affected by actions taken or omitted or events occurring after the date hereof. We have not undertaken to determine, or to inform any person, whether any such actions are taken or omitted or events do occur, and we disclaim any obligations to update this letter. Our engagement with respect to the Bonds has concluded with their issuance.

Very truly yours,

APPENDIX B

FORM OF OPINION OF COUNSEL TO BORROWER

_____, 2020

Stifel, Nicolaus & Company, Incorporated
Montgomery, Alabama

West Virginia Housing Development Fund
Charleston, West Virginia

\$5,500,000
West Virginia Housing Development Fund
Multifamily Housing Revenue Bonds, Series 2020
(Charles Towers)

Ladies and Gentlemen:

We have acted as counsel to Charles Towers Associates, L.P. (the “Borrower”), in connection with the issuance of the above-captioned bonds (the “Bonds”) by the West Virginia Housing Development Fund (the “Issuer”).

Capitalized terms used but not defined herein have the meanings assigned to them in the Indenture or the Bond Purchase Agreement.

In our capacity as such counsel, in rendering the opinions set forth below, we have examined, among other things, originals or copies, certified or otherwise identified to our satisfaction, of the following documents: (i) the Official Statement, dated _____, 2020, of the Issuer relating to the Bonds (the “Official Statement”); (ii) the Regulatory Agreement, among the Issuer, Zions Bancorporation, National Association, as trustee (the “Trustee”) and the Borrower, dated as of December 1, 2020 (the “Bond Regulatory Agreement”); (iii) the Loan Agreement, dated as of December 1, 2020 (the “Loan Agreement”), between the Issuer and the Borrower; (iv) the Bond Purchase Agreement, dated _____, 2020, among the Issuer, the Underwriter named therein and the Borrower (the “Bond Purchase Agreement”); (v) the Continuing Disclosure Agreement, dated as of December 1, 2020, between the Borrower and the Dissemination Agent named therein; (vi) the Remarketing Agreement, dated as of December 1, 2020, between the Borrower and the Remarketing Agent named therein (the “Remarketing Agreement”); (vii) the promissory note, dated the Closing Date, executed by the Borrower (the “Note”); (viii) the Tax Certificate and Agreement, dated the Closing Date (the “Tax Certificate and Agreement”), between the Issuer and the Borrower; (ix) the Disbursement Agreement, dated as of December 1, 2020, between the Borrower and Capital One, National Association (the “FHA Lender”); and (x) such other documents, certificates and instruments as we have deemed necessary for the purposes of reaching the opinion expressed herein. We have also relied as to matters of fact upon a certificate of the Borrower, except as to our opinion in numbered paragraph (vi) below, and examined certain other certificates and documents.

In such examination, we have assumed the genuineness of all signatures (other than those relating to the Borrower), the authenticity of all documents submitted to us as originals, and the conformity to the original document of all documents submitted to us as photostatic or certified copies. We have assumed due authorization, execution and delivery of all documents referenced herein by the parties thereto other

than the Borrower and that each of such parties has full power, authority and legal right to execute and deliver each such instrument.

Based upon and subject to the foregoing, we are of the opinion that, as of the date hereof:

(i) The Borrower is (a) a limited partnership validly existing under the laws of the State of West Virginia (the "State"), (b) is in good standing and duly qualified to transact business in the State, and (c) has with full power and authority to execute and deliver the documents listed above numbered (ii) through (ix) (the "Financing Documents") and the Official Statement and to perform its obligations under each respective agreement.

(ii) The Financing Documents to which the Borrower is a party have each been duly authorized, executed and delivered by the Borrower and constitute legal, valid and binding obligations of the Borrower, enforceable against the Borrower in accordance with their respective terms, except as the enforcement thereof may be limited by (a) applicable bankruptcy, insolvency, moratorium, reorganization and similar laws (including fraudulent conveyance laws) affecting the enforcement of creditors' rights and remedies generally in effect from time to time, and (b) general principles of equity (regardless of whether such enforceability is considered in a proceeding in equity or at law).

(iii) The execution and delivery of the Financing Documents to which the Borrower is a party and the performance by the Borrower of the terms of the respective agreements do not conflict with or violate any other document, instrument, decree, indenture or agreement by which the Borrower is bound.

(iv) No approval, authorization or other action by, or filing with, the State or any agency thereof, is required in connection with the execution and delivery by the Borrower of the Bond Purchase Agreement.

(v) There is no action, suit, proceeding, inquiry or investigation at law or in equity or before any court or public body pending or, to the best of our knowledge, threatened, to challenge the right, power or authority of the Borrower to acquire, own and operate the Project or to perform its obligations under the Bond Purchase Agreement or the other Financing Documents.

(vi) The information in the Official Statement does not contain an untrue statement of fact or omit to state a material fact necessary in order to make the statements therein, in the light of the circumstances under which they were made, not misleading as of the date hereof.

We express no opinion as to any matter whatsoever, relating to the accuracy or completeness of any financial accounting or projection information furnished to any party, the accuracy or completeness of any representation made by our clients, the financial status of our clients, the ability of our clients to meet their obligations under any of the above-referenced agreements or any other related document.

Very truly yours,

APPENDIX C

\$5,500,000
West Virginia Housing Development Fund
Multifamily Housing Revenue Bonds, Series 2020
(Charles Towers)

FORM OF RULE 15c2-12 CERTIFICATE

The undersigned hereby certifies and represents to Stifel, Nicolaus & Company, Incorporated (the “Underwriter”) that he is authorized to execute and deliver this certificate on behalf of Charles Towers Associates, L.P., a West Virginia limited partnership (the “Borrower”), and hereby further certifies to the Underwriter as follows:

(a) This Certificate is delivered to enable the Underwriter to comply with Securities and Exchange Commission Rule 15c2-12 under the Securities Exchange Act of 1934 (the “Rule”) in connection with the issuance and sale of the above captioned bonds (the “Bonds”).

(b) In connection with the issuance and sale of the Bonds, there has been prepared a Preliminary Official Statement dated December __, 2020, setting forth information concerning the Bonds and the Borrower (the “Preliminary Official Statement”).

(c) As used herein, “Permitted Omissions” shall mean the offering price(s), interest rate(s), accreted values, yield to maturity, selling compensation, aggregate principal amount, principal amount per maturity, delivery dates, ratings and other terms of the Bonds depending on such matters and the identity of the underwriter(s), all with respect to the issuance and sale of the Bonds.

(d) The Preliminary Official Statement is, as of the date thereof, deemed final within the meaning of the Rule, except for Permitted Omissions.

(e) The section of the Preliminary Official Statement entitled “UNDERTAKING TO PROVIDE CONTINUING DISCLOSURE” describes the agreement the Borrower expects to make for the benefit of the Bondholders in the Continuing Disclosure Agreement dated as of December 1, 2020, by and between the Borrower and Zions Bancorporation, National Association, in its capacity as dissemination agent, by which the Borrower will undertake to provide continuing disclosure in accordance with the Rule.

Dated: December __, 2020

[Signature page to Rule 15c2-12 Certificate]

IN WITNESS WHEREOF, I have hereunto set my hand as of the date set forth above.

CHARLES TOWERS ASSOCIATES, L.P.,
a West Virginia limited partnership

By: AAP Charles Towers, LLC,
a West Virginia limited liability company,
its general partner

By: _____
Kevin Orth
Manager

APPENDIX D

FORM OF ISSUE PRICE CERTIFICATE

\$5,500,000

**West Virginia Housing Development Fund
Multifamily Housing Revenue Bonds, Series 2020
(Charles Towers)**

The undersigned, on behalf of Stifel, Nicolaus & Company, Incorporated (the “Underwriter”), on behalf of itself, hereby certifies as set forth below with respect to the sale and issuance of the above-captioned obligations (the “Bonds”).

1. Sale of the Bonds. As of the date of this certificate, for each Maturity of the Bonds, the first price at which at least 10% of such Maturity of the Bonds was sold to the Public is the respective price listed in Schedule I attached to the Bond Purchase Agreement dated _____, 2020, among the Underwriter, Charles Towers Associates, L.P., a West Virginia limited partnership (the “Borrower”), and West Virginia Housing Development Fund (the “Issuer”).

2. Defined Terms.

(a) “*Issuer*” means the West Virginia Housing Development Fund, a public body corporate and governmental instrumentality of the State of West Virginia.

(b) “*Maturity*” means Bonds with the same credit and payment terms. Bonds with different maturity dates, or Bonds with the same maturity date but different stated interest rates, are treated as separate Maturities.

(c) “*Public*” means any person (including an individual, trust, estate, partnership, association, company, or corporation) other than the Underwriter or a related party to the Underwriter. The term “related party” for purposes of this certificate generally means any two or more persons who have greater than 50 percent common ownership, directly or indirectly.

(d) “*Underwriter*” means (i) any person that agrees pursuant to a written contract with the Issuer (or with the lead underwriter to form an underwriting syndicate) to participate in the initial sale of the Bonds to the Public, and (ii) any person that agrees pursuant to a written contract directly or indirectly with a person described in clause (i) of this paragraph to participate in the initial sale of the Bonds to the Public (including a member of a selling group or a party to a retail distribution agreement participating in the initial sale of the Bonds to the Public).

The representations set forth in this certificate are limited to factual matters only. Nothing in this certificate represents the Underwriter’s interpretation of any laws, including specifically Sections 103 and 148 of the Internal Revenue Code of 1986, as amended, and the Treasury Regulations thereunder. The undersigned understands that the foregoing information will be relied upon by the Issuer and the Borrower with respect to certain of the representations set forth in the Tax Certificate and Agreement and with respect to compliance with the federal income tax rules affecting the Bonds, and by Hawkins Delafield & Wood LLP, Bond Counsel, in connection with rendering its opinion that the interest on the Bonds is excluded from gross income for federal income tax purposes, the preparation of the Internal Revenue Service Form 8038, and other federal income tax advice that it may give to the Issuer and the Borrower from time to time relating to the Bonds.

Dated: _____, 2020

[Signature page to Issue Price Certificate]

**STIFEL, NICOLAUS & COMPANY,
INCORPORATED**

By: _____
John Sabatier
Managing Director

NEW ISSUE – Book-Entry Only

RATING: Moody's "[Aaa/VMIG 1]"
SEE "RATING" herein.

In the opinion of Hawkins Delafield & Wood LLP, Bond Counsel to the Issuer, under existing statutes and court decisions and assuming continuing compliance with certain tax covenants described herein, (i) interest on the Bonds is excluded from gross income for Federal income tax purposes pursuant to Section 103 of the Internal Revenue Code of 1986, as amended (the "Code"), except that no opinion is expressed as to such exclusion of interest on any Bond for any period during which the Bond is held by a person who, within the meaning of Section 147(a) of the Code, is a "substantial user" of the facilities financed with the proceeds of the Bonds or a "related person," and (ii) interest on the Bonds is not treated as a preference item in calculating the alternative minimum tax under the Code. In addition, in the opinion of General Counsel to the Issuer, under existing statutes the Bonds and the income therefrom shall at all times be exempt from taxation by the State of West Virginia (the "State") or any county, municipality or other governmental subdivision of the State, except for death and gift taxes, taxes on transfers, sales taxes, real property taxes and business and occupation taxes. See "TAX MATTERS" herein.

\$5,500,000*

**West Virginia Housing Development Fund
Multifamily Housing Revenue Bonds, Series 2020
(Charles Towers)**

Dated: Date of Delivery
Initial Interest Rate: ____%
Initial Offering Price: 100%

Maturity Date: June 1, 2023
Initial Mandatory Tender Date: June 1, 2022
CUSIP: _____

The West Virginia Housing Development Fund (the "Issuer") is issuing its Multifamily Housing Revenue Bonds, Series 2020 (Charles Towers) (the "Bonds") pursuant to a Trust Indenture dated as of December 1, 2020 (the "Indenture"), by and between the Issuer and Zions Bancorporation, National Association, as trustee (the "Trustee"). The Bonds shall bear interest at the Initial Interest Rate set forth above (the "Initial Interest Rate") from their date to but not including the Initial Mandatory Tender Date set forth above (the "Initial Mandatory Tender Date"), payable on each June 1 and December 1 commencing June 1, 2021. See "THE BONDS" herein.

The Bonds are being issued to finance a loan (the "Loan") to Charles Towers Associates, L.P., a West Virginia limited partnership (the "Borrower") to enable the Borrower to pay a portion of the cost of acquiring, rehabilitating and equipping an 82-unit multifamily housing development to be owned and operated as an affordable multifamily rental housing project for seniors located in Charles Town, Jefferson County, West Virginia, to be known as Charles Towers (the "Project"). The Loan will be made to the Borrower pursuant to a Loan Agreement, dated as of December 1, 2020 (the "Loan Agreement"), between the Issuer and the Borrower, under which the Borrower has agreed to provide, as described herein, payments to the Issuer in amounts sufficient to pay the principal of and interest on the Bonds when due. The Loan will be evidenced by a Promissory Note in the principal amount of \$5,500,000* (the "Note") from the Borrower to the Issuer and endorsed to the Trustee.

The Bonds will be secured by the Revenues, the Special Funds (as defined herein) and other amounts constituting the Trust Estate pledged therefor, together with interest earnings thereon as described herein. See "SECURITY AND SOURCES OF PAYMENT FOR THE BONDS" herein. The Bonds are not secured by any lien or mortgage with respect to the Project.

The Bonds are subject to mandatory tender for purchase, subject to satisfaction of the applicable terms and conditions set forth in the Indenture, on the Initial Mandatory Tender Date. All Holders of Bonds must tender their Bonds for purchase on the Initial Mandatory Tender Date. The Bonds may be remarketed and a new interest rate for the Bonds may be determined on the Initial Mandatory Tender Date in accordance with the terms of the Indenture. If the Bonds are remarketed on the Initial Mandatory Tender Date, the terms of the Bonds after such date may differ materially from the description provided in this Official Statement. Therefore, prospective purchasers of the Bonds on and after the Initial Mandatory Tender Date cannot rely on this Official Statement, but rather must rely upon any disclosure documents prepared in connection with such remarketing.

The Bonds are also subject to optional redemption prior to maturity as set forth herein.

NEITHER THE DIRECTORS OR OFFICERS OF THE ISSUER NOR ANY PERSON EXECUTING THE BONDS SHALL BE LIABLE PERSONALLY ON THE BONDS BY REASON OF THE ISSUANCE THEREOF. THE BONDS AND THE INTEREST THEREON SHALL NOT BE A DEBT OF THE STATE OR ANY POLITICAL SUBDIVISION THEREOF (OTHER THAN THE ISSUER) AND NEITHER THE STATE NOR ANY POLITICAL SUBDIVISION THEREOF (OTHER THAN THE ISSUER) SHALL BE LIABLE THEREON, NOR IN ANY EVENT SHALL SUCH BONDS BE PAYABLE OUT OF ANY FUNDS OR PROPERTIES OTHER THAN THOSE OF THE ISSUER PLEDGED THEREFOR PURSUANT TO THE INDENTURE. THE BONDS SHALL NOT CONSTITUTE AN INDEBTEDNESS WITHIN THE MEANING OF ANY CONSTITUTIONAL OR STATUTORY DEBT LIMITATION OR RESTRICTION. THE ISSUER HAS NO TAXING POWER.

The Bonds are offered for delivery when, as and if issued and received by Stifel, Nicolaus & Company, Incorporated (the "Underwriter") and subject to the approval of legality by Hawkins Delafield & Wood LLP, New York, New York, Bond Counsel to the Issuer, and certain other conditions. Certain legal matters will be passed upon for the Underwriter by its counsel Tiber Hudson LLC, Washington, D.C., for the Issuer by Jackson Kelly PLLC, Charleston, West Virginia, and for the Borrower by its counsel, Nixon Peabody LLP, Washington, D.C. It is expected that the Bonds will be available in book-entry form through the facilities of DTC in New York, New York on or about December __, 2020.

This cover page contains limited information for ease of reference only. It is not a summary of the Bonds or the security therefor. The entire Official Statement, including the Appendices, must be read to obtain information essential to make an informed investment decision.

* Preliminary, subject to change

STIFEL

No broker, dealer, salesman or other person has been authorized by the Issuer, to give any information or to make any representations other than those contained in this Official Statement, and, if given or made, such other information or representations must not be relied upon as having been authorized by any of the foregoing. This Official Statement does not constitute an offer to sell or the solicitation of an offer to buy, nor shall there be any sale of the Bonds by any person in any jurisdiction in which it is unlawful for such person to make such offer, solicitation or sale prior to the registration or qualification under the securities laws of any such jurisdiction. The information and expressions of opinion herein are subject to change without notice, and neither the delivery of this Official Statement nor any sale made under the Indenture shall, under any circumstances, create any implication that there has been no change in the affairs of the Issuer since the date hereof.

All quotations from and summaries and explanations of provisions of laws and documents herein do not purport to be complete and reference is made to such laws and documents for full and complete statements of their provisions. This Official Statement is not to be construed as a contract or agreement between the Issuer and the purchasers or owners of any of the Bonds. All statements made in this Official Statement involving estimates or matters of opinion, whether or not expressly so stated, are intended merely as estimates or opinions and not as representations of fact. The cover page hereof and the appendices attached hereto are part of this Official Statement. The information and expressions of opinion herein are subject to change without notice, and neither the delivery of this Official Statement nor any sale of the Bonds shall under any circumstances create any implication that there has been no change in the affairs of the Issuer since the date hereof.

IN CONNECTION WITH THIS OFFERING, THE UNDERWRITER MAY OVER-ALLOT OR EFFECT TRANSACTIONS WHICH STABILIZE OR MAINTAIN THE MARKET PRICES OF THE BONDS AT LEVELS ABOVE THOSE WHICH MIGHT OTHERWISE PREVAIL IN THE OPEN MARKET. SUCH STABILIZING, IF COMMENCED, MAY BE DISCONTINUED AT ANY TIME.

The Underwriter has reviewed the information in this Official Statement pursuant to its responsibilities to investors under federal securities laws, but the Underwriter does not guarantee the accuracy or completeness of such information.

THE BONDS HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED, OR UNDER ANY STATE SECURITIES LAWS, AND THE INDENTURE HAS NOT BEEN QUALIFIED UNDER THE TRUST INDENTURE ACT OF 1939, AS AMENDED, BECAUSE OF AVAILABLE EXEMPTIONS THEREFROM, AND THE ISSUER IS RELYING ON AN EXEMPTION FROM REGISTRATION BY QUALIFICATION UNDER THE WEST VIRGINIA SECURITIES ACT. THE BONDS HAVE NOT BEEN APPROVED, DISAPPROVED, ENDORSED OR RECOMMENDED BY THE WEST VIRGINIA SECURITIES COMMISSION OR ANY OTHER FEDERAL OR STATE SECURITIES COMMISSION OR REGULATORY AUTHORITY, AND NONE OF THE FOREGOING HAS REVIEWED THIS OFFICIAL STATEMENT OR CONFIRMED THE ACCURACY OR TRUTHFULNESS THEREOF OR WHETHER IT IS COMPLETE. ANY REPRESENTATION TO THE CONTRARY MAY BE A CRIMINAL OFFENSE. PROSPECTIVE PURCHASERS SHOULD MAKE THEIR OWN DECISION WHETHER THIS OFFERING MEETS THEIR INVESTMENT OBJECTIVES AND FINANCIAL RISK TOLERANCE LEVEL.

CUSIP data herein are provided by Standard & Poor's CUSIP Service Bureau, a division of The McGraw-Hill Companies, Inc. CUSIP numbers have been assigned by an independent company not affiliated with the Issuer and are included solely for the convenience of the holders of the Bonds. The Issuer is not responsible for the selection or uses of these CUSIP numbers, and no representation is made as to their correctness on the Bonds or as indicated above. The CUSIP number for a specific maturity is subject to being changed after the issuance of the Bonds as a result of various subsequent actions.

Zions Bancorporation, National Association, as Trustee, has not reviewed, provided or undertaken to determine the accuracy of any of the information contained in this Official Statement and makes no representation or warranty, express or implied, as to any matters contained in this Official Statement, including, but not limited to, (i) the accuracy or completeness of such information, (ii) the validity of the Bonds, or (iii) the tax-exempt status of the Bonds.

CAUTIONARY INFORMATION REGARDING FORWARD-LOOKING STATEMENTS IN THIS OFFICIAL STATEMENT

Certain statements included or incorporated by reference in this Official Statement constitute "forward-looking statements" within the meaning of the United States Private Securities Litigation Reform Act of 1995, Section 21E of the United States Securities Exchange Act of 1934, as amended, and Section 27A of the United States Securities Act of 1933, as amended. Such statements are generally identifiable by the terminology used such as "plan," "expect," "estimate," "budget" or other similar words. The achievement of certain results or other expectations contained in such forward-looking statements involves known and unknown risks, uncertainties and other factors which may cause actual results, performance or achievements described to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements. The Borrower does not plan to issue any updates or revisions to those forward-looking statements if or when its expectations, or events, conditions or circumstances on which such statements are based, change.

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OFFICIAL STATEMENT

\$5,500,000*

**West Virginia Housing Development Fund
Multifamily Housing Revenue Bonds, Series 2020
(Charles Towers)**

INTRODUCTION

This Official Statement (this “Official Statement”) has been prepared in connection with the issuance of the above-captioned Bonds (the “Bonds”) by the West Virginia Housing Development Fund (the “Issuer”), a public body corporate and governmental instrumentality of the State of West Virginia (the “State”). The Board of Directors of the Issuer has authorized the issuance of the Bonds by its duly adopted Resolution dated [October 28, 2020] (the “Bond Resolution”) and the Bonds are issued pursuant to a Trust Indenture dated as of December 1, 2020 (the “Indenture”), by and between the Issuer and Zions Bancorporation, National Association, as trustee (the “Trustee”). Certain capitalized terms that are used in this Official Statement and not otherwise defined shall have the definitions ascribed to them in “APPENDIX A – DEFINITIONS OF CERTAIN TERMS” hereto.

The Bonds are to be issued pursuant to Article 18 of Chapter 31 of the Code of West Virginia, 1931, as amended (the “Act”), for the purpose of providing funds to make a loan (the “Loan”) to Charles Towers Associates, L.P., a West Virginia limited partnership (the “Borrower”) to enable the Borrower to pay a portion of the cost of acquiring, rehabilitating and equipping an 82-unit multifamily housing development to be owned and operated as an affordable multifamily rental housing project for seniors located in Charles Town, Jefferson County, West Virginia, and known as Charles Towers (the “Project”). See “PRIVATE PARTICIPANTS” and “THE PROJECT” herein.

The Loan will be made to the Borrower under a Loan Agreement dated as of December 1, 2020 (the “Loan Agreement”), by and between the Issuer and the Borrower. Pursuant to the Loan Agreement, the Borrower has agreed to make payments to the Issuer in amounts sufficient to pay the principal of and interest on the Bonds when due (the “Bond Service Charges”) to the extent that amounts otherwise available for such payment are insufficient therefor. The Loan will be evidenced by a promissory note in the principal amount of \$5,500,000* (the “Note”) from the Borrower to the Issuer and endorsed to the Trustee.

Simultaneously with the issuance of the Bonds, the Borrower is obtaining from Capital One, National Association (the “FHA Lender”) a mortgage loan with respect to the Project (the “FHA Mortgage Loan”) in the principal amount of \$7,000,000*. The Borrower and the FHA Lender will enter into a Disbursement Agreement dated as of December 1, 2020 (the “Disbursement Agreement”), pursuant to which the FHA Lender will agree to make the proceeds of the FHA Mortgage Loan available to the Borrower in connection with the Project. The Borrower will cause certain of these proceeds, as Eligible Funds, to be deposited into the Collateral Fund held by the Trustee under the Indenture for the purposes of securing the Bonds. Prior to the disbursement of amounts drawn from the Project Fund to pay costs of the Project, a like amount of Eligible Funds will be deposited to the Collateral Fund. See “THE FHA MORTGAGE LOAN, ELIGIBLE FUNDS AND DISBURSEMENT OF BOND PROCEEDS” herein.

It is anticipated that the aggregate funds and Eligible Investments on deposit in the Project Fund and the Collateral Fund will, at all times, equal the principal amount of Bonds Outstanding. It is anticipated that the Bond Service Charges will be paid from amounts on deposit in the Bond Fund, the Collateral Fund and the Project Fund, and investment earnings thereon (without the need for reinvestment). Amounts on deposit in the Collateral Fund, the Negative Arbitrage Account of the Bond Fund and the Project Fund will be invested in Eligible Investments. See “SECURITY AND SOURCES OF PAYMENT FOR THE BONDS” herein.

The Bonds shall bear interest on the outstanding principal amount thereof at the Initial Interest Rate set forth on the cover page hereof (the “Initial Interest Rate”) per annum from their date, to but not including, June 1, 2022*

* Preliminary, subject to change

(the “Initial Mandatory Tender Date”), payable on each June 1 and December 1, commencing June 1, 2021* (each an “Interest Payment Date”) and on each Mandatory Tender Date.

The Bonds are subject to mandatory tender for purchase, subject to satisfaction of the applicable terms and conditions set forth in the Indenture, on the Initial Mandatory Tender Date. All Holders of Bonds must tender their Bonds for purchase on the Initial Mandatory Tender Date. A new interest rate for the Bonds may be determined on the Mandatory Tender Date in accordance with the terms of the Indenture. If the Bonds are remarketed on the Initial Mandatory Tender Date, the terms of the Bonds after such date may differ materially from the description provided in this Official Statement. Therefore, prospective purchasers of the Bonds on and after the Initial Mandatory Tender Date cannot rely on this Official Statement, but rather must rely upon any disclosure documents prepared in connection with such remarketing.

The Bonds are subject to redemption prior to maturity as set forth herein under “THE BONDS.”

Brief descriptions of the Issuer, the Borrower, the FHA Lender, the FHA Mortgage Loan, the Project, the Bonds, the security for the Bonds, the Indenture, the Loan Agreement and the Bond Regulatory Agreement are included in this Official Statement. The summaries herein do not purport to be complete and are qualified in their entireties by reference to such documents, agreements and programs as may be referred to herein, and the summaries herein of the Bonds are further qualified in their entireties by reference to the form of the Bonds included in the Indenture and the provisions with respect thereto included in the aforesaid documents.

THE ISSUER

The following information has been provided by the Issuer for use herein. While the information is believed to be reliable, none of the Trustee, the Borrower, the Underwriter, the FHA Lender nor any of their respective counsel, members, officers or employees make any representations as to the accuracy or sufficiency of such information.

The Issuer was established in 1968 as a governmental instrumentality of the State and a public body corporate. Its primary corporate purpose is to increase the supply of residential housing in the State for persons and families of low and moderate income and, among other things, it is empowered by the Act to provide construction and permanent mortgage financing to public and private sponsors of such housing. The Issuer is authorized under the Act to issue the Bonds.

Through its various programs, the Issuer has financed or assisted in the development or provisions of over 124,000 housing units in the State. In planning and operating its various programs, the management of the Issuer takes into consideration various economic and regulatory factors which affect its business activities and legislative mandate. Such factors, including prevailing economic conditions, mortgage interest rates, investment rates, the demand for housing, the cost of housing and of operating housing programs, the volume of mortgage lending activity in the State and other factors affecting the supply of housing in the State may affect the financing activities of the Issuer. The programs operated by the Issuer have been and may again be affected by State and federal administrative, regulatory and legislative actions.

The Issuer is governed by an eleven-member Board of Directors consisting of the Governor, Attorney General, Commission of Agriculture and Treasurer, all of whom serve ex-officio as public directors, and seven members chosen as private directors from the general public residing in the State. All public directors may designate representatives to serve on their behalf. The offices of Governor, Attorney General, Commission of Agriculture and Treasurer are elective and the current terms of such offices expire in January 2021. The Governor with the advice and consent of the State Senate appoints private directors for staggered terms of four years with no more than four of the private directors from the same political party. Currently, there is one vacancy on the Board of Directors pending appointment. The Act designates the Governor or his or her designee as the Chair of the Board of Directors, and also provides that the Governor shall appoint the executive director, with the advice and consent of the State Senate, and that the executive director will serve at the Governor’s will and pleasure.

THE FHA MORTGAGE LOAN, ELIGIBLE FUNDS AND DISBURSEMENT OF BOND PROCEEDS

Simultaneously with the issuance of the Bonds, the Borrower will obtain the FHA Mortgage Loan from the FHA Lender, which FHA Mortgage Loan will be insured by the Secretary of Housing and Urban Development acting by and through the Federal Housing Administration (“FHA”) under Section 207 pursuant to Section 223(f) of the National Housing Act, as amended, and the regulations promulgated thereunder. Over time, the Borrower will cause the FHA Lender to deliver to the Trustee Eligible Funds in the amount of each such disbursement for deposit into the Collateral Fund as security for the Bonds in exchange for the release of a like amount of bond proceeds from the Project Fund, which shall be disbursed by the Trustee, as approved by the FHA Lender, all in accordance with the Loan Agreement, the Disbursement Agreement and the Indenture to pay Project Costs. The maximum aggregate amount of Eligible Funds to be deposited into the Collateral Fund over time will be \$5,500,000*.

Bond Service Charges shall be payable, as they become due, (a) in the first instance from the money on deposit in the Bond Fund (other than the Negative Arbitrage Account within the Bond Fund), (b) next from money on deposit in the Negative Arbitrage Account within the Bond Fund, (c) next from money on deposit in the Collateral Fund and transferred as necessary to the Bond Fund and (d) thereafter, from money on deposit in the Project Fund and transferred as necessary to the Bond Fund.. The Indenture provides that the amount of funds disbursed from the Project Fund on any given date for payment of Project Costs shall at all times equal the sum of Eligible Funds deposited in the Collateral Fund. Accordingly, the aggregate amount in the Collateral Fund and the Project Fund shall at all times equal 100% of the principal amount of the Bonds outstanding.

Notwithstanding any provision of the Loan Agreement, the Disbursement Agreement or the Indenture to the contrary, the Trustee will not act upon the delivery of a certified copy of the disbursement request of funds from the Project Fund, unless and until (i) an amount equal to or greater than the requested disbursement amount has been deposited in the Collateral Fund in accordance with the provisions of the Indenture and (ii) the Trustee has verified that the sum of the amount then held in the Collateral Fund and the amount then on deposit in the Project Fund, less the anticipated amount of the disbursement from the Project Fund, is at least equal to the then outstanding principal amount of the Bonds. The FHA Lender will not deliver Eligible Funds until the Trustee has first confirmed this calculation to FHA Lender. Upon receipt of Eligible Funds from the FHA Lender, the Trustee shall be unconditionally and irrevocably obligated to disburse Bond proceeds in the amount of such Eligible Funds with the approval of the FHA Lender.

The amounts on deposit in the Project Fund, the Bond Fund and the Collateral Fund (together, the “Special Funds”) will be invested on the Closing Date in Eligible Investments. See “SECURITY FOR THE BONDS – Investment of Special Funds; Eligible Investments” herein. The amount by which the aggregate interest payments on the Bonds exceeds the expected investment earnings on Eligible Investments is required, pursuant to the Indenture and the Loan Agreement, to be deposited on the Closing Date to the Negative Arbitrage Account of the Bond Fund from or on behalf of the Borrower.

THE BONDS

Terms of Bonds Generally

The Bonds shall be issued in Authorized Denominations and shall mature on June 1, 2023* (the “Maturity Date”). The Bonds are dated their date of delivery and shall bear interest at the Initial Interest Rate from their date of delivery, to but not including the Initial Mandatory Tender Date, payable on each Interest Payment Date, commencing June 1, 2021* and on each Mandatory Tender Date. Interest on the Bonds shall be computed on the basis of a 360-day year of 12 months of 30 days each.

The principal of and interest on any of the Bonds shall be payable in lawful money of the United States of America. Except as described below under the subcaption “Book-Entry-Only System”, (a) the principal of any Bond shall be payable when due to a Holder upon presentation and surrender of such Bond at the Designated Office of the Trustee or at the office, designated by the Trustee, of any paying agent and (b) interest on any Bond shall be paid on

* Preliminary, subject to change.

each Interest Payment Date by check or draft which the Trustee shall cause to be mailed on that date to the Person in whose name the Bond (or one or more Predecessor Bonds) is registered at the close of business of the Regular Record Date applicable to that Interest Payment Date on the Register at the address appearing therein.

Redemption of the Bonds

Optional Redemption. The Bonds are subject to optional redemption in whole or in part by the Issuer at the written direction of the Borrower on the Initial Remarketing Date at a redemption price of 100% of the principal amount of such Bonds to be redeemed plus accrued interest thereto. If the Bonds are not redeemed in whole on the Initial Remarketing Date, the Borrower, in consultation with the Remarketing Agent, may establish an optional redemption date with respect to any subsequent Remarketing Period and, thereafter, the Bonds are subject to optional redemption in whole or in part by the Issuer at the written direction of the Borrower on or after the applicable redemption date at a redemption price of 100% of the principal amount of such Bonds to be redeemed plus accrued interest to the applicable redemption date. Notwithstanding the foregoing, the Bonds shall not be so subject to redemption until the Trustee receives a certificate from the Borrower stating that (i) the last building in the Project has been placed in service for purposes of Section 42 of the Code and (ii) at least 50% of the aggregate basis in the land and buildings of the Project have been financed or will be financed with the proceeds of the Bonds.

Mandatory Redemption of Bonds. The Bonds shall be redeemed in whole at a redemption price of 100% of the principal amount of such Bonds, plus accrued interest to the redemption date, if any, on any Mandatory Tender Date upon the occurrence of any of the following events: (i) the Borrower has not elected to request the remarketing of the Bonds, (ii) the conditions to remarketing set forth in the Indenture have not been met by the dates and times set forth therein, or (iii) the proceeds of a remarketing on deposit in the Bond Fund at 11:00 a.m. Eastern time on the Mandatory Tender Date are insufficient to pay the purchase price of the Outstanding Bonds on such Mandatory Tender Date. Bonds subject to redemption in accordance with this paragraph shall be redeemed from (i) amounts on deposit in the Collateral Fund, (ii) amounts on deposit in the Negative Arbitrage Account of the Bond Fund, (iii) amounts on deposit in the Project Fund, and (iv) any other Eligible Funds available or made available for such purpose at the direction of the Borrower.

Purchase in Lieu of Redemption. At the election of the Borrower upon a redemption in whole of the Bonds, by written notice to the Trustee, the Issuer and the Remarketing Agent given not less than five (5) Business Days in advance of such redemption date, the Bonds will be deemed tendered for purchase in lieu of the redemption on such date and the call for redemption shall be cancelled. The purchase price of Bonds so purchased in lieu of redemption shall be the principal amount thereof together with all accrued and unpaid interest to the date of redemption and any prepayment fee, if due, and shall be payable on the date of redemption thereof. Bonds so purchased in lieu of redemption shall remain Outstanding and shall be registered upon the direction of the Borrower; *provided*, however, that notwithstanding anything in the Indenture or elsewhere to the contrary, neither the Borrower nor a Related Party (as defined in Treasury Regulation Section 1.150-1(b)) shall be permitted to purchase the Bonds, which are being issued as Program Investments (as defined in Treasury Regulation Section 1.148-1(b)).

Partial Redemption. In the case of a partial redemption of Bonds when Bonds of denominations greater than \$5,000 are then Outstanding, each \$5,000 unit of face value of principal thereof shall be treated as though it were a separate Bond of the denomination of \$5,000. If it is determined that one or more, but not all of the \$5,000 units of face value represented by a Bond are to be called for redemption, then upon notice of redemption of a \$5,000 unit or units, the Holder of that Bond shall surrender the Bond to the Trustee (a) for payment of the redemption price of the \$5,000 unit or units of face value called for redemption (including without limitation, the interest accrued to the date fixed for redemption and any premium), and (b) for issuance, without charge to the Holder thereof, of a new Bond or Bonds of the same series, of any Authorized Denomination or Denominations in an aggregate principal amount equal to the unmatured and unredeemed portion of, and bearing interest at the same rate and maturing on the same date as, the Bond surrendered.

If less than all of an Outstanding Bond of one maturity in a Book Entry System is to be called for redemption, the Trustee shall give notice to the Depository or the nominee of the Depository that is the Holder of such Bond, and the selection of the Beneficial Ownership Interests in that Bond to be redeemed shall be at the sole discretion of the Depository and its participants.

Notice of Redemption

Unless waived by any Holder of Bonds to be redeemed, official notice of redemption shall be given by the Trustee on behalf of the Issuer by mailing a copy of an official redemption notice by first class mail, postage prepaid, to the Holder of each Bond to be redeemed, at the address of such Holder shown on the Register at the opening of business on the fifth day prior to such mailing, not less than 20 days nor more than 30 days prior to the date fixed for redemption. A second notice of redemption shall be given, as soon as practicable, by first class mail to the Holder of each Bond which has been so called for redemption (in whole or in part) but has not been presented and surrendered to the Trustee within 60 days following the date fixed for redemption of that Bond.

Mandatory Tender

Mandatory Tender for Purchase. All Outstanding Bonds shall be subject to mandatory tender by the Holders for purchase in whole and not in part on each Mandatory Tender Date. The purchase price for each such Bond shall be payable in lawful money of the United States of America by check or draft, shall equal 100% of the principal amount to be purchased and accrued interest, if any, to the Mandatory Tender Date, and shall be paid in full on the applicable Mandatory Tender Date.

Mandatory Tender Dates. The Mandatory Tender Dates shall consist of (i) the Initial Mandatory Tender Date and (ii) any subsequent dates for mandatory tender of the Bonds established by the Borrower with the consent of the Remarketing Agent in connection with a remarketing of the Bonds pursuant to the Indenture.

Holding of Tendered Bonds. While tendered Bonds are in the custody of the Trustee pending purchase pursuant to the Indenture, the tendering Holders thereof shall be deemed the owners thereof for all purposes, and interest accruing on tendered Bonds through the day preceding the applicable Mandatory Tender Date is to be paid as if such Bonds had not been tendered for purchase.

Effect of Prior Redemption. Notwithstanding anything in the Indenture to the contrary, any Bond tendered under the Indenture will not be purchased if such Bond matures or is redeemed on or prior to the applicable Mandatory Tender Date.

Purchase of Tendered Bonds. The Trustee shall utilize the following sources of payments to pay the tender price of the Bonds not later than 2:30 p.m. Local Time on the Mandatory Tender Date in the following priority; (i) amounts representing proceeds of remarketed Bonds deposited in the Remarketing Proceeds Account, to pay the principal amount, plus accrued interest, of Bonds tendered for purchase, (ii) amounts on deposit in the Collateral Fund, to pay the principal amount of Bonds tendered for purchase, (iii) amounts on deposit in the Negative Arbitrage Account of the Bond Fund to pay the accrued interest; if any, on Bonds tendered for purchase, (iv) amounts on deposit in the Project Fund to pay the accrued interest, if any, on the Bonds tendered for purchase and (v) any other Eligible Funds available or made available for such purpose at the direction of the Borrower.

Undelivered Bonds. Bonds shall be deemed to have been tendered for purposes of the Indenture whether or not the Holders shall have delivered such Undelivered Bonds to the Trustee, and subject to the right of the Holders of such Undelivered Bonds to receive the purchase price of such Bonds and interest accrued thereon to the Mandatory Tender Date, such Undelivered Bonds shall be null and void. If such Undelivered Bonds are to be remarketed, the Trustee shall authenticate and deliver new Bonds in replacement thereof pursuant to the remarketing of such Undelivered Bonds.

Mandatory Tender Notice

Notice to Holders. Not less than 30 days preceding a Mandatory Tender Date, the Trustee shall give written notice of mandatory tender to the Holders of the Bonds then Outstanding (with a copy to the Borrower, the Investor Limited Member and the Remarketing Agent) by first class mail, postage prepaid, at their respective addresses appearing on the Register stating:

(i) the Mandatory Tender Date and that (a) all Outstanding Bonds are subject to mandatory tender for purchase on the Mandatory Tender Date, (b) all Outstanding Bonds must be tendered for purchase no later than 12:00 noon Local Time on the Mandatory Tender Date and (c) Holders will not have the right to elect to retain their Bonds;

(ii) the address of the Designated Office of the Trustee at which Holders should deliver their Bonds for purchase and the date of the required delivery;

(iii) that all Outstanding Bonds will be purchased on the Mandatory Tender Date at a price equal to the principal amount of the Outstanding Bonds plus interest accrued to the Mandatory Tender Date; and

(iv) any Bonds not tendered will nevertheless be deemed to have been tendered and will cease to bear interest from and after the Mandatory Tender Date.

Second Notice. In the event that any Bond required to be delivered to the Trustee for payment of the purchase price of such Bond shall not have been delivered to the Trustee on or before the 30th day following a Mandatory Tender Date, the Trustee shall mail a second notice to the Holder of the Bond at its address as shown on the Register setting forth the requirements set forth in the Indenture for delivery of the Bond to the Trustee and stating that delivery of the Bond to the Trustee (or compliance with the provisions of the Indenture concerning payment of lost, stolen or destroyed Bonds) must be accomplished as a condition to payment of the purchase price or redemption price applicable to the Bond.

Failure to Give Notice. Neither failure to give or receive any notice described in the Indenture, nor the lack of timeliness of such notice or any defect in any notice (or in its content) shall affect the validity or sufficiency of any action required or provided for in the Indenture.

Book-Entry Only System

The following information on the Book-Entry System applicable to all Bonds has been supplied by DTC and neither the Issuer, the Borrower nor the Underwriter make any representation, warranties or guarantees with respect to its accuracy or completeness.

The Depository Trust Company (“DTC”), New York, NY, will act as securities depository for the Bonds. The Bonds will be issued as fully-registered securities registered in the name of Cede & Co. (DTC's partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered Bond certificate will be issued for each issue of the Bonds, each in the aggregate principal amount of such issue, and will be deposited with DTC.

DTC, the world's largest securities depository, is a limited-purpose trust company organized under the New York Banking Law, a “banking organization” within the meaning of the New York Banking Law, a member of the Federal Reserve System, a “clearing corporation” within the meaning of the New York Uniform Commercial Code, and a “clearing agency” registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments (from over 100 countries) that DTC's participants (“Direct Participants”) deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants' accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation (“DTCC”). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly (“Indirect Participants”). DTC has a

Standard & Poor's rating of AA+. The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com.

Purchases of Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the Bonds on DTC's records. The ownership interest of each actual purchaser of each Bond ("Beneficial Owner") is in turn to be recorded on the Direct and Indirect Participants' records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Bonds are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in Bonds, except in the event that use of the book-entry system for the Bonds is discontinued.

To facilitate subsequent transfers, all Bonds deposited by Direct Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC. The deposit of Bonds with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Bonds; DTC's records reflect only the identity of the Direct Participants to whose accounts such Bonds are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time. Beneficial Owners of Bonds may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the Bonds, such as redemptions, tenders, defaults, and proposed amendments to the Bond documents. For example, Beneficial Owners of Bonds may wish to ascertain that the nominee holding the Bonds for their benefit has agreed to obtain and transmit notices to Beneficial Owners. In the alternative, Beneficial Owners may wish to provide their names and addresses to the registrar and request that copies of notices be provided directly to them.

Redemption notices shall be sent to DTC. If less than all of the Bonds within an issue are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such issue to be redeemed.

Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to Bonds unless authorized by a Direct Participant in accordance with DTC's MMI Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to Issuer as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Redemption proceeds, distributions, and dividend payments on the Bonds will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from Issuer or Agent, on payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC, Agent, or Issuer, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of redemption proceeds, distributions, and dividend payments to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of Issuer or Agent, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

A Beneficial Owner shall give notice to elect to have its Bonds purchased or tendered, through its Participant, to the Trustee, and shall effect delivery of such Bonds by causing the Direct Participant to transfer the Participant's interest in the Bonds, on DTC's records, to the Trustee. The requirement for physical delivery of Bonds in connection with an optional tender or a mandatory purchase will be deemed satisfied when the ownership rights in the Bonds are

transferred by Direct Participants on DTC's records and followed by a book-entry credit of tendered Bonds to the Trustee DTC account.

DTC may discontinue providing its services as depository with respect to the Bonds at any time by giving reasonable notice to the Issuer or Agent. Under such circumstances, in the event that a successor depository is not obtained, Bond certificates are required to be printed and delivered.

The Issuer may decide to discontinue use of the system of book-entry-only transfers through DTC (or a successor securities depository). In that event, Bond certificates will be printed and delivered to DTC.

The information in this section concerning DTC and DTC's book-entry system has been obtained from sources that Issuer believes to be reliable, but the Issuer takes no responsibility for the accuracy thereof.

SECURITY AND SOURCES OF PAYMENT FOR THE BONDS

General

The Bonds will be secured by all right, title and interest of the Issuer in the Trust Estate, including, but not limited to (i) the Revenues, including, without limitation, all Loan Payments, Eligible Funds and other amounts receivable by or on behalf of the Issuer under the Loan Agreement in respect of repayment of the Loan, (ii) the Special Funds, including all accounts in those Funds and all money deposited therein and the investment earnings on such money, (iii) subject to the provisions of the Bond Resolution, all right, title and interest of the Issuer in the proceeds derived from the sale of the Bonds, and any securities in which money in the Special Funds are invested, and (except for money required to be rebated to the United States of America under the Code) the proceeds derived therefrom, and any and all other real or personal property of every name and nature from time to time hereafter by delivery or by writing of any kind pledged, assigned or transferred, as and for additional security under the Indenture by the Issuer or by anyone in its behalf, or with its written consent, to the Trustee, which is authorized by the Indenture to receive any and all such property at any and all times and to hold and apply the same subject to the terms of the Indenture, (iv) the Note, except for the Reserved Rights and (v) the Loan Agreement, except for the Reserved Rights (the foregoing collectively referred to as the "Trust Estate"); provided, however, the Trust Estate does not include the Rebate Fund, the Expense Fund or the Costs of Issuance Fund (nor, in each case, any money deposited therein nor the investment earnings on such money).

The Bonds, and the premium, if any, and interest thereon, are limited obligations of the Issuer, the principal of, premium, if any, and interest on which are payable solely from the Trust Estate. NEITHER THE DIRECTORS OF THE ISSUER NOR ANY PERSON EXECUTING THE BONDS SHALL BE LIABLE PERSONALLY ON THE BONDS BY REASON OF THE ISSUANCE THEREOF. THE BONDS AND THE INTEREST THEREON SHALL NOT BE A DEBT OF THE STATE OR ANY POLITICAL SUBDIVISION THEREOF (OTHER THAN THE ISSUER) AND NEITHER THE STATE NOR ANY POLITICAL SUBDIVISION THEREOF (OTHER THAN THE ISSUER) SHALL BE LIABLE THEREON, NOR IN ANY EVENT SHALL SUCH BONDS BE PAYABLE OUT OF ANY FUNDS OR PROPERTIES OTHER THAN THOSE OF THE ISSUER PLEDGED THEREFOR PURSUANT TO THE INDENTURE. THE BONDS SHALL NOT CONSTITUTE AN INDEBTEDNESS WITHIN THE MEANING OF ANY CONSTITUTIONAL OR STATUTORY DEBT LIMITATION OR RESTRICTION. THE ISSUER HAS NO TAXING POWER.

Repayment of Loan

The Loan Agreement and the Note obligate the Borrower to cause to be paid to the Trustee amounts which shall be sufficient to pay Bond Service Charges coming due on each Bond Payment Date, however, it is expected that Eligible Funds required to be deposited into the Collateral Fund and amounts on deposit in the Bond Fund and the Project Fund, along with interest earnings thereon (without the need for reinvestment), will be sufficient to pay such Bond Service Charges and such amounts will be a credit against the Borrower's payment obligations under the Loan Agreement and the Note.

Investment of Special Funds; Eligible Investments

On the Closing Date, all amounts on deposit in the Special Funds will be invested in Eligible Investments. It is anticipated that Bond Service Charges will be paid from amounts on deposit in the Special Funds and any investment earnings thereon.

Additional Bonds

No additional Bonds on parity with the Bonds may be issued pursuant to the Indenture.

PRIVATE PARTICIPANTS

The following information concerning the private participants has been provided by representatives of the private participants and has not been independently confirmed or verified by either the Underwriter or the Issuer. No representation is made herein as to the accuracy or adequacy of such information or as to the absence of material adverse changes in such information subsequent to the date hereof.

The Borrower

The Borrower is Charles Towers Associates, L.P., a West Virginia limited partnership, a single asset entity formed for the specific purpose of acquiring, owning, and operating the Project. The general partner of the Borrower is AAP Charles Towers, LLC, a West Virginia limited liability company (the “General Partner”), which will have a 0.01% ownership interest in the Borrower. PNC Bank, National Association, a national banking association, will own a 99.99% interest in the Borrower and Columbia Housing SLP Corporation, an Oregon corporation (collectively, the “Investor Limited Partner”), will own a 0.01% interest in the Borrower.

The Developer

The Developer is Atlantic American Partners, LLC, a Delaware limited liability company (the “Developer”). The Developer was started in 2001 and has 19 years of experience in affordable housing development. The Developer has developed 1,652 units in three states.

The Investor Limited Member

Simultaneously with the issuance of the Bonds, the Borrower expects the General Partner and the Investor Limited Partner to enter into an amended and restated limited partnership agreement of the Borrower pursuant to which the Investor Limited Partner will acquire a 99.99% ownership interest in the Borrower. Pursuant to the offer, the equity funding arrangements for the funding of the tax credit equity are expected to be in the total amount set forth under “THE PROJECT — Plan of Financing” herein paid in stages during and after rehabilitation of the Project. These funding levels and the timing of the funding are subject to numerous adjustments and conditions which could result in the amounts funded and/or the timing or even occurrence of the funding varying significantly from the estimates set forth herein and neither the Issuer nor the Underwriter makes any representation as to the availability of such funds.

Limited Assets and Obligation of Borrower and Investor Limited Partner

The Borrower has no substantial assets other than the Project and does not intend to acquire any other substantial assets or to engage in any substantial business activities other than those related to the ownership of the Project. However, the Investor Limited Partner, and their affiliates are engaged in and will continue to engage in the acquisition, development, ownership and management of similar types of housing projects. They may be financially interested in, as officers, partners or otherwise, and devote substantial times to, business and activities that may be inconsistent or competitive with the interests of the Project.

The obligations and liabilities of the Borrower under the Loan Agreement and the Note are of a non-recourse nature. Neither the Borrower nor its partners have any personal liability for payments on the Note to be applied to

pay the principal of and interest on the Bonds. Furthermore, no representation is made that the Borrower has substantial funds available for the Project. Accordingly, neither the Borrower's financial statements nor those of its members are included in this Official Statement.

The Property Manager

The Project will be managed by Burlington Capital Properties or its affiliates (collectively, the "Property Manager"). The Property Manager is not an affiliate of the Developer. The Property Manager has been involved in the management of apartment complexes since 1995. The Property Manager currently manages 66 apartment complexes comprising a total of 10,325 units throughout the United States. The Property Manager was formed in 1995 and currently has a staff of 64 corporate personnel and 189 site employees.

The Architect

The architect for the Project is Miner Feinstein Architects (the "Architect"). The Architect is not an affiliate of the Developer. The Architect has been a licensed architect for over twenty-two years and has been the principal architect for approximately fifty-seven multifamily developments with an excess of 4,500 units throughout Maryland, Virginia, Washington, D.C., Pennsylvania and New Jersey.

The General Contractor

The general contractor for the Project will be Precision General Commercial Contractors, Inc. (the "General Contractor"). The General Contractor is an affiliate of the Developer. The General Contractor and its affiliated construction companies have been constructing and rehabilitating multifamily rental housing developments for over twenty-four years and have constructed over 500 projects, with nearly 50,000 units.

THE PROJECT

The following information concerning the Project has been provided by representatives of the Borrower and has not been independently confirmed or verified by any other person. Although the information shown below has been obtained from sources believed to be reliable, no representation is made herein by the Issuer or the Underwriter or any of their officers or employees as to the accuracy or adequacy of such information or as to the absence of material adverse changes in such information subsequent to the date hereof.

The Project, known as Charles Towers, is located in Charles Town, West Virginia, on an approximately 1.16-acre site. The Project contains 82 apartment units located in one building. Substantial rehabilitation of the Project is anticipated to commence in December, 2020 and be completed approximately 12 months later.

The building construction consists of one building, including 82 residential units with community space. Common area improvements will include: a business center, exercise room, office for visiting doctor/nurse, storage room and meeting room for tenant use. Site amenities include a landscaped picnic area and community garden. There are thirty-six parking spaces for resident use only.

The unit mix of the Project is as follows:

<u>Unit Type</u>	<u>Average Square Feet</u>	<u>Number of Units</u>
1 bedroom 1 bath	539	81
2 bedroom 1 bath	<u>835</u>	<u>1</u>
TOTAL	44,494	82

Plan of Financing

The estimated sources and uses of funds for the Project are projected to be approximately as follows:

Sources of Funds*

Bond Proceeds	\$5,500,000
Mortgage Loan	7,000,000
Federal Tax Credit Equity	2,531,000
Deferred Developer Fee	<u>26,310</u>

Total	<u>\$15,057,310</u>
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Uses of Funds

Acquisition Costs	\$3,690,000
Construction Costs	3,696,365
Architect/Engineer/Third Party	170,030
Reserves	354,882
Costs of Issuance	312,314
Developer Fee	902,369
Other Soft Costs	431,350
Payment of Bond Principal	<u>5,500,000</u>
Total	<u>\$15,057,310</u>

All costs of issuance of the Bonds, including the underwriter's fee, will be paid by the Borrower.

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* Preliminary, subject to change

The FHA Mortgage Loan. The Project will utilize a mortgage loan (the “FHA Mortgage Loan”) insured by the Federal Housing Administration (“FHA”) under Section 207 pursuant to Section 223(f) of the National Housing Act of 1934, as amended, and applicable regulations promulgated thereunder. The Mortgage Loan is expected to close simultaneously with the issuance of the Bonds.

The Mortgage Loan is expected to be in the original principal amount of \$7,000,000* and is expected to bear interest at the estimated rate of 2.50%* per annum. The Mortgage Loan proceeds are expected to be disbursed in full at closing by the Mortgage Lender to or for the benefit of the Borrower. The Mortgage Loan will be evidenced by the Mortgage Note, secured by the Mortgage on the Project, and the Mortgage Lender will issue, with respect to the Mortgage Note, fully amortized mortgage-backed securities (“GNMA Securities”) guaranteed as to timely payment of principal and interest by the Government National Mortgage Association (“GNMA”). It is anticipated that FHA Lender Funds will be deposited into the Collateral Fund (along with other Eligible Funds), thereby permitting the Trustee to transfer a like amount from the Project Fund pursuant to the Indenture to reimburse the Lender for such advances. The Mortgage Loan will be amortized over 35 years.

The Low Income Housing Tax Credit Equity. Prior to the issuance of the Bonds, the Borrower will sell to the Investor Limited Partner a 99.99% ownership interest in the Borrower. Pursuant to the sale, the funding of the Federal Low Income Housing Tax Credit equity will total approximately \$2,531,000*, with an initial capital contribution of \$506,200*. The funding levels and the timing of the funding are subject to numerous adjustments and conditions which could result in the amounts funded and/or the timing or even occurrence of the funding varying significantly from the projections set forth above and neither the Issuer nor the Underwriter makes any representation as to the availability of such funds.

The sources and uses of funds to be applied under the Indenture are projected to be approximately as follows:

Sources of Funds*:	
Bond Proceeds	\$5,500,000
Eligible Funds	
Total	<u><u>\$5,500,000</u></u>
Uses of Funds*:	
Project Fund	\$5,500,000
Negative Arbitrage Account	
Total	<u><u>\$5,500,000</u></u>

Project Regulation

The Borrower intends to rehabilitate and operate the Project as a qualified residential rental project in accordance with the provisions of Section 142(d) of the Code. Concurrently with the issuance of the Bonds and the closing of the Mortgage Loan, the Borrower, the Issuer and the Trustee will enter into the Bond Regulatory Agreement, which will be recorded on the Project on or around the Closing Date. Under the Bond Regulatory Agreement, the Borrower will agree that, at all times during the Qualified Project Period, the Borrower will rent at least 40% of the units in the Project to persons whose adjusted family income (determined in accordance with the provisions of the Code) is less than 60% of the median area income (adjusted for family size). The Qualified Project Period commences on the later of the Closing Date or the first day on which at least 10% of the units are occupied and continues until the latest of (a) the date which is fifteen (15) years after the later of the Closing Date or the date on which at least ten percent (10%) of the units in the Project are first occupied, (b) the first date on which no tax-exempt private activity bonds with respect to the Project are outstanding, or (c) the date on which any assistance provided with respect to the Project under Section 8 of the National Housing Act terminates. The failure of the Borrower to comply with the Bond Regulatory Agreement could cause interest on the Bonds to be included in gross income for federal income tax

* Preliminary, subject to change.

purposes. See APPENDIX D — SUMMARY OF CERTAIN PROVISIONS OF THE BOND REGULATORY AGREEMENT.

The Project will also be encumbered by an Extended Use Agreement required by Section 42 of the Code relating to tax credits, which will (a) restrict the rent and income levels of 25% of the units in the Project to amounts not greater than 50% of the area median income and 75% of the units in the Project to amounts not greater than 60% of the area median income adjusted for family size, and (b) restrict the rents which may be charged to the tenants for occupancy of units in the project to not more than 30% of the applicable area median income adjusted for family size.

Additional restrictions are imposed on the Project pursuant to the HUD Regulatory Agreement entered into by the Borrower in connection with the Mortgage Loan.

The HAP Contract

The Borrower will receive the benefit of a Section 8 Housing Assistance Payment Contract (the “HAP Contract”) covering 81 of the 82 units at the Project.

Funding under the HAP Contract is subject to annual Congressional appropriations, as more particularly described below. The Section 8 project-based housing assistance payment program (the “Section 8 Program”) is authorized by Section 8 of the United States Housing Act of 1937, as amended, and in the case of Section 8 contracts is administered by contract administrators selected by HUD. The Section 8 Program authorizes housing assistance payments to owners of qualified housing for the benefit of low-income families (defined generally as families whose incomes do not exceed 80% of the area median income for the area as determined by HUD), and very low-income families (defined generally as families whose income do not exceed 50% of the AMI as determined by HUD). Section 8 housing assistance payments generally represent the difference between the “contract rent” for the unit approved by HUD and the eligible tenant’s contribution, which is generally 30% of income, as adjusted for family size and certain expenses, subject to a minimum rent contribution. The rents approved by HUD for the Project, as they may be adjusted from time to time with procedures set forth in the HAP Contract, are the “contract rents” for the Project. The HAP Contract will require the Borrower to maintain the Project in decent, safe and sanitary condition and to comply with other statutory and regulatory requirements governing the operation of the Project, use of project funds, and other matters. If the Borrower fails to comply with the terms of the HAP Contract, HUD or the contract administrator could seek to abate or terminate the payments under the HAP Contract, or take other sanctions. Funding for HAP contracts is appropriated by Congress on an annual basis, and there is no assurance that adequate funding will be appropriated each year during the term of the HAP Contract. Since payments received under the HAP Contract constitute a primary source of revenues for the Project, the expiration of the HAP Contract, or the failure of Congress to appropriate funds sufficient to fund the HAP Contract during each year of its term, would have a material adverse effect on the ability of the Project to generate revenues sufficient to pay the principal of and interest of the Loan.

CERTAIN BONDHOLDERS’ RISKS

The purchase of the Bonds will involve a number of risks. The following is a summary, which does not purport to be comprehensive or definitive, of some of such risk factors.

The following is a summary of certain risks associated with a purchase of the Bonds. There are other possible risks not discussed below. The Bonds are payable from the payments to be made by the Borrower under the Loan Agreement and the Note, and from amounts on deposit in the Special Funds and the interest earnings thereon (without the need for reinvestment). The Borrower’s obligation to make payments pursuant to the Loan Agreement and the Note are nonrecourse obligations with respect to which the Borrower and its partners have no personal liability (except as otherwise provided in the Note) and as to which the Borrower and its partners have not pledged any of their respective assets.

General

Payment of the Bond Service Charges, and the Borrower’s obligations with respect to the Bond Service Charges, will be primarily secured by and payable from Bond proceeds held in the Project Fund and moneys deposited into the Collateral Fund and the Bond Fund, including the Negative Arbitrage Account held in the Bond Fund.

Although the Borrower will execute the Note to evidence its obligation to repay the Loan, it is not expected that any revenues from the Project or other amounts, except moneys in the Special Funds, will be available to satisfy that obligation. The Indenture requires the Trustee to verify, before any disbursement of funds from the Project Fund, that the sum of the funds on deposit in the Project Fund and the Collateral Fund is at least equal to the then outstanding principal amount of the Bonds after such disbursement. It is expected that funds on deposit in the Collateral Fund and Negative Arbitrage Account of the Bond Fund, and the interest earnings thereon (without the need for reinvestment) will be sufficient to pay the debt service on the Bonds.

Limited Security for Bonds

The Bonds are not secured by the FHA Mortgage Loan or any GNMA Certificate. Investors should look exclusively to amounts on deposit in the Special Funds under the Indenture and investment earnings on each as the source of payment of debt service on the Bonds.

Future Determination of Taxability of the Bonds

Failure of the Borrower to have complied with and to continue to comply with certain covenants contained in the Tax Certificate and Agreement, the Loan Agreement and the Bond Regulatory Agreement could result in interest on the Bonds being taxable retroactive to the date of original issuance of the Bonds. The Bonds are not subject to redemption upon a determination of taxability and are not subject to payment of additional interest in such an event, and neither the Issuer nor the Borrower will be liable under the Bonds, the Indenture or the Loan Agreement for any such payment of additional interest on the Bonds.

Issuer Limited Liability

The Bonds will not be insured or guaranteed by any governmental entity or by the Issuer or any member or program participant of the foregoing. Holders of the Bonds will have no recourse to the Issuer in the event of an Event of Default on the Bonds. The Trust Estate for the Bonds will be the only source of payment on the Bonds.

Enforceability of Remedies upon an Event of Default

The remedies available to the Trustee and the owners of the Bonds upon an Event of Default under the Indenture, the Loan Agreement, the Bond Regulatory Agreement or any other document described herein are in many respects dependent upon regulatory and judicial actions which are often subject to discretion and delay. Under existing law and judicial decisions, the remedies provided for under such documents may not be readily available or may be limited. The various legal opinions to be delivered concurrently with the delivery of the Bonds will be qualified to the extent that the enforceability of certain legal rights related to the Bonds is subject to limitations imposed by bankruptcy, reorganization, insolvency or other similar laws affecting the rights of creditors generally and by equitable remedies and proceedings generally.

Secondary Markets and Prices

No representation is made concerning the existence of any secondary market for the Bonds. The Underwriter will not be obligated to repurchase any of the Bonds, nor can any assurance be given that any secondary market will develop following the completion of the offering of the Bonds. Further, there can be no assurance that the initial offering prices for the Bonds will continue for any period of time. Furthermore, the Bonds should be purchased for their projected returns only and not for any resale potential, which may or may not exist.

Potential Impact of Pandemics

The spread of the strain of coronavirus and resulting disease commonly known as COVID-19 is altering the behavior of businesses and people in a manner that is having negative effects on global, state and local economies. There can be no assurances that the spread of a pandemic, including a strain of coronavirus and resulting disease known as COVID-19, will not materially impact both local and national economies and, accordingly, have a materially adverse impact on the Project's operating and financial viability. The effects of a pandemic could include, among

other things, an increase in the time necessary to complete the construction and/or rehabilitation of the Project, suspension or delay of site inspections and other on-site meetings, interruption in the engagement of material participants in the Project, increase in the time necessary to conduct lease-up at the Project, and increased delinquencies and/or vacancies, all of which could impact the Borrower's ability to make payments on the Mortgage Loan and result in an acceleration thereof.

Legislative Response to COVID-19

Recent federal legislation, passed to address the economic effects of COVID-19, known as the Coronavirus Aid, Relief, and Economic Security (CARES) Act (the "CARES Act"), provides for a temporary moratorium on eviction of tenants due to nonpayment of rents when the landlord's mortgage on that property is supplemented or assisted in any way by HUD. This moratorium expired on July 25, 2020. While Congress has not extended the moratorium, pursuant to Executive Order 13945, "Fighting the Spread of COVID-19 by Providing Assistance to Renters and Homeowners" published on August 8, 2020, the Presidential Administration, to the extent reasonably necessary to prevent further spread of COVID-19, will take all lawful measures to prevent residential evictions and foreclosures resulting from financial hardships caused by COVID-19. Such Executive Order would apply to the Project which receives HUD assistance under the HAP Contract. If such provision of the CARES Act were extended, such eviction moratorium and the Borrower's inability to evict non-paying tenants of the Project and replace them with paying tenants would also be extended. No assurances can be given that subsequent federal, state or local legislation enacted in response to the COVID-19 pandemic will not adversely affect the Borrower's ability to collect rent and evict tenants for nonpayment of rent or otherwise operate the Project as planned.

Summary

The foregoing is intended only as a summary of certain risk factors attendant to an investment in the Bonds. In order for potential investors to identify risk factors and make an informed investment decision, potential investors should be thoroughly familiar with this entire Official Statement and the Appendices hereto.

TAX MATTERS

Opinion of Bond Counsel

In the opinion of Hawkins Delafield & Wood LLP, Bond Counsel to the Issuer, under existing statutes and court decisions and assuming continuing compliance with certain tax covenants described below, (i) interest on the Bonds is excluded from gross income for federal income tax purposes pursuant to Section 103 of the Internal Revenue Code of 1986, as amended (the "Code"), except that no opinion is expressed as to such exclusion of interest on any Bond for any period during which the Bond is held by a person who, within the meaning of Section 147(a) of the Code, is a "substantial user" of the facilities financed with the proceeds of the Bonds or a "related person," and (ii) interest on the Bonds is not treated as a preference item in calculating the alternative minimum tax under the Code. In rendering its opinion, Bond Counsel has relied on certain representations, certifications of fact, and statements of reasonable expectations made by the Issuer, the Borrower and others in connection with the Bonds, and Bond Counsel has assumed compliance by the Issuer and the Borrower with certain ongoing covenants to comply with applicable requirements of the Code to assure the exclusion of interest on the Bonds from gross income under Section 103 of the Code.

Bond Counsel expresses no opinion as to any other federal, state or local tax consequences arising with respect to the Bonds, or the ownership or disposition thereof, except as stated in the paragraph above. Bond Counsel renders its opinion under existing statutes and court decisions as of the issue date, and assumes no obligation to update, revise or supplement its opinion to reflect any action thereafter taken or not taken, any fact or circumstance that may thereafter come to its attention, any change in law or interpretation thereof that may thereafter occur, or for any other reason. Bond Counsel expresses no opinion as to the consequence of any of the events described in the preceding sentence or the likelihood of their occurrence. In addition, Bond Counsel expresses no opinion on the effect of any action taken or not taken in reliance upon an opinion of other counsel regarding federal, state or local tax matters, including, without limitation, exclusion from gross income for federal income tax purposes of interest on the Bonds.

Certain Ongoing Federal Tax Requirements and Covenants

The Code establishes certain ongoing requirements that must be met subsequent to the issuance and delivery of the Bonds in order that interest on the Bonds be and remain excluded from gross income under Section 103 of the Code. These requirements include, but are not limited to, requirements relating to use and expenditure of gross proceeds of the Bonds, yield and other restrictions on investments of gross proceeds, and the arbitrage rebate requirement that certain excess earnings on gross proceeds be rebated to the federal government. Noncompliance with such requirements may cause interest on the Bonds to become included in gross income for federal income tax purposes retroactive to their issue date, irrespective of the date on which such noncompliance occurs or is discovered. The Issuer and the Borrower have covenanted to comply with certain applicable requirements of the Code to assure the exclusion of interest on the Bonds from gross income under Section 103 of the Code.

Low Income Set Aside Requirements under the Code

The Bonds are subject to the low income set aside and other requirements for qualified residential rental projects under the Code which are described briefly in this subsection. The Code requires that at least 95% of the net proceeds of exempt facility bonds under Section 142(a)(7) (after reduction for amounts applied to fund a reasonably required reserve fund) be used to provide “qualified residential rental projects.” The Code defines a residential rental project as a project containing units with separate and complete facilities for living, sleeping, eating, cooking, and sanitation that are available to the general public and are to be used on other than a transient basis. Section 142(d) of the Code requires that either (i) at least 20% of the completed units in a project to be financed with the proceeds of the Bonds be continuously occupied during the “qualified project period” by individuals and families whose annual adjusted income does not exceed 50% of the area median income (with adjustments for family size), or (ii) at least 40% of the completed units in a project to be financed with the proceeds of the Bonds be continuously occupied during the qualified project period by individuals and families whose annual adjusted income does not exceed 60% of the area median income (with adjustments for family size). The Issuer and the Borrower will make an election as to the applicable low income set aside requirement with respect to the Project prior to the issuance of the Bonds. In addition, all of the units in the Project must be rented or available for rental on a continuous basis throughout the qualified project period. The Code defines the “qualified project period” as the period beginning on the first day upon which 10% of the units in a project are occupied and ending on the latest of (i) the date that is 15 years after the date upon which 50% of the residential units in such project are occupied, (ii) the first day on which no tax-exempt private activity bond issued with respect to the project is outstanding, or (iii) the date upon which any assistance provided with respect to the project under Section 8 of the United States Housing Act of 1937, as amended, terminates. Generally, upon an increase of a tenant’s income over 140% of the applicable income limitation, the next available unit of comparable or smaller size in the Project must be rented to a tenant whose income does not exceed the applicable income limitation. The Code requires annual certifications to be made to the Secretary of the Treasury regarding compliance with the applicable income limitations.

Certain Collateral Federal Tax Consequences

The following is a brief discussion of certain collateral federal income tax matters with respect to the Bonds. It does not purport to address all aspects of federal taxation that may be relevant to a particular owner of a Bond. Prospective investors, particularly those who may be subject to special rules, are advised to consult their own tax advisors regarding the federal tax consequences of owning and disposing of the Bonds.

Prospective owners of the Bonds should be aware that the ownership of such obligations may result in collateral federal income tax consequences to various categories of persons, such as corporations (including S corporations and foreign corporations), financial institutions, property and casualty and life insurance companies, individual recipients of Social Security and railroad retirement benefits, individuals otherwise eligible for the earned income tax credit, and taxpayers deemed to have incurred or continued indebtedness to purchase or carry obligations the interest on which is excluded from gross income for federal income tax purposes. Interest on the Bonds may be taken into account in determining the tax liability of foreign corporations subject to the branch profits tax imposed by Section 884 of the Code.

Information Reporting and Backup Withholding

Information reporting requirements apply to interest paid on tax-exempt obligations, including the Bonds. In general, such requirements are satisfied if the interest recipient completes, and provides the payor with, a Form W-9, "Request for Taxpayer Identification Number and Certification," or if the recipient is one of a limited class of exempt recipients. A recipient not otherwise exempt from information reporting who fails to satisfy the information reporting requirements will be subject to "backup withholding," which means that the payor is required to deduct and withhold a tax from the interest payment, calculated in the manner set forth in the Code. For the foregoing purpose, a "payor" generally refers to the person or entity from whom a recipient receives its payments of interest or who collects such payments on behalf of the recipient.

If an owner purchasing a Bond through a brokerage account has executed a Form W-9 in connection with the establishment of such account, as generally can be expected, no backup withholding should occur. In any event, backup withholding does not affect the excludability of the interest on the Bonds from gross income for federal income tax purposes. Any amounts withheld pursuant to backup withholding would be allowed as a refund or a credit against the owner's federal income tax once the required information is furnished to the Internal Revenue Service.

West Virginia Taxes

In the opinion of Jackson Kelly PLLC, General Counsel to the Issuer, under the Act, the Bonds and the income therefrom shall at all times be exempt from taxation by the State, or any county, municipality or other governmental subdivision of the State, except for death and gift taxes, taxes on transfers, sales taxes, real property taxes and business and occupation taxes. The State also imposes a corporation net income tax on corporations and a personal income tax on the resident partners of partnerships, the resident shareholders of S corporations and the resident members of limited liability companies doing business in the State. The corporation net income and personal income tax statutes contain formulary adjustments decreasing the amount of income subject to these taxes for certain corporations, partnerships, S corporations or limited liability companies owning bonds such as the Bonds.

Miscellaneous

Tax legislation, administrative actions taken by tax authorities, or court decisions, whether at the federal or state level, may adversely affect the tax-exempt status of interest on the Bonds under federal or state law or otherwise prevent beneficial owners of the Bonds from realizing the full current benefit of the tax status of such interest. In addition, such legislation or actions (whether currently proposed, proposed in the future, or enacted) and such decisions could affect the market price or marketability of the Bonds.

Prospective purchasers of the Bonds should consult their own tax advisors regarding the foregoing matters.

UNDERWRITING

Stifel, Nicolaus & Company, Incorporated (the "Underwriter") has entered into a Bond Purchase Agreement to purchase all of the Bonds, if any of the Bonds are to be purchased, at the price of par (100% of the original principal amount). [The Underwriter also agrees to advance \$_____ (the "Underwriter's Advance") for initial deposits established under the Indenture.] The Bond Purchase Agreement provides that the Underwriter will receive compensation for its services relating to the transaction from the Borrower in the amount of \$_____ plus \$_____ for certain fees and expenses (excluding the fees of its counsel)[, and will be reimbursed by the Borrower for the Underwriter's Advance]. The obligations of the Underwriter to pay for the Bonds are subject to certain terms and conditions set forth in the Bond Purchase Agreement. The Borrower has agreed to indemnify the Underwriter and the Issuer as to certain matters in connection with the Bonds.

The Underwriter may offer and sell Bonds that it purchases to certain dealers including dealer banks and dealers depositing Bonds into investment trusts and others at prices lower than the public offering prices stated on the cover of this Official Statement. The initial public offering prices may be changed from time to time by the Underwriter.

In addition to serving as Underwriter, Stifel, Nicolaus & Company, Incorporated has been designated to serve as Remarketing Agent and will receive a fee for its remarketing services in connection with any remarketing of the Bonds on the Initial Mandatory Tender Date.

RATING

Moody's Investors Service, Inc. ("Moody's") has assigned the Bonds the rating set forth on the cover page hereof. An explanation of the significance of such rating may be obtained from Moody's. The rating of the Bonds reflects only the views of Moody's at the time such rating was given, and neither the Issuer, the Borrower nor the Underwriter makes any representation as to the appropriateness of the rating. There is no assurance that such rating will continue for any given period of time or that it will not be revised downward or withdrawn entirely by Moody's, if in its judgment, circumstances so warrant. Any such downward revision or withdrawal of the rating may have an adverse effect on the market price of the Bonds.

UNDERTAKING TO PROVIDE CONTINUING DISCLOSURE

Prior to the issuance of the Bonds, the Borrower will execute and deliver a Continuing Disclosure Agreement pursuant to which the Borrower will agree to provide ongoing disclosure pursuant to the requirements of Rule 15c2-12 of the Securities and Exchange Commission (the "Rule"). Financial statements will be provided at least annually to the Municipal Securities Rulemaking Board (the MSRB) and notices of certain events will be issued pursuant to the Rule. Information will be filed with the MSRB through its Electronic Municipal Market Access (EMMA) system, unless otherwise directed by the MSRB. A form of the Continuing Disclosure Agreement is attached hereto as APPENDIX E.

A failure by the Borrower to comply with the Continuing Disclosure Agreement will not constitute an Event of Default under the Indenture. Nevertheless, such a failure must be reported in accordance with the Rule and must be considered by a broker or dealer before recommending the purchase or sale of the Bonds in the secondary market. Consequently, such a failure may adversely affect the transferability and liquidity of the Bonds and their market price and the ability of the Issuer to issue and sell bonds in the future.

CERTAIN LEGAL MATTERS

Certain legal matters relating to the authorization and validity of the Bonds will be subject to an approving opinion of Hawkins Delafield & Wood LLP, New York, N.Y., as Bond Counsel to the Issuer. Certain legal matters will be passed upon for the Borrower by Nixon Peabody LLP, Washington, D.C., for the Issuer by Jackson Kelly PLLC, Charleston, West Virginia, and for the Underwriter by Tiber Hudson LLC, Washington, D.C. Payment of the fees of certain counsel to the transaction is contingent upon the issuance and delivery of the Bonds as described herein.

ABSENCE OF LITIGATION

The Issuer

On the date of issuance of the Bonds, the Issuer will certify that, to the best of its knowledge, there is no action, suit, proceeding, inquiry or investigation, at law or in equity, or before or by any court, public board or body pending or threatened in any court in any way seeking to restrain or to enjoin the issuance, sale or delivery of the Bonds, or the collection of revenues pledged or to be pledged thereto, or in any way contesting or affecting the validity or enforceability of the Bonds, the Indenture, the Bond Resolution, the Loan Agreement, the Bond Regulatory Agreement, or the Bond Purchase Agreement, or contesting the powers of the Issuer, with respect to the Bonds, the Indenture, the Bond Resolution, the Loan Agreement, the Bond Regulatory Agreement, the Bond Purchase Agreement or any action on the part of the Issuer contemplated by any of said documents.

The Borrower

On the date of issuance of the Bonds, the Borrower will certify that, to the best of its knowledge, there is no action, suit, proceeding, inquiry or investigation, at law or in equity, or before or by any court, public board or body

pending or threatened in any court in any way seeking to restrain or to enjoin the issuance, sale or delivery of the Bonds, or the collection of revenues pledged or to be pledged thereto, or in any way contesting or affecting the validity or enforceability of the Disbursement Agreement, the Loan Agreement, the Bond Regulatory Agreement, the Extended Use Agreement, the Continuing Disclosure Agreement or the Bond Purchase Agreement, or contesting the powers of the Borrower with respect to the Disbursement Agreement, the Loan Agreement, the Bond Regulatory Agreement, the Extended Use Agreement, the Continuing Disclosure Agreement or the Bond Purchase Agreement or any action on the part of the Borrower contemplated by any of said documents.

ADDITIONAL INFORMATION

The summaries and explanation of, or references to, the Act, the Indenture and the Bonds included in this Official Statement do not purport to be comprehensive or definitive. Such summaries, references and descriptions are qualified in their entirety by reference to each such document, copies of which are on file with the Trustee.

The information contained in this Official Statement is subject to change without notice and no implication shall be derived therefrom or from the sale of the Bonds that there has been no change in the affairs of the Issuer from the date hereof.

This Official Statement is submitted in connection with the offering of the Bonds and may not be reproduced or used, as a whole or in part, for any other purpose. Any statements in the Official Statement involving matters of opinion or estimate, whether or not expressly so stated, are intended as such and not as representations of fact. This Official Statement is not to be construed as a contract or agreement between the Issuer and the owners of any of the Bonds.

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This Official Statement has been approved by the Issuer and the Borrower for distribution by the Underwriter to current Holders of the Bonds and potential purchasers of the Bonds.

WEST VIRGINIA HOUSING DEVELOPMENT FUND

By: _____
Executive Director

[Signatures continue on next page]

[Borrower Signature Page to Official Statement]

CHARLES TOWERS ASSOCIATES, L.P.,
a West Virginia limited partnership

By: AAP Charles Towers, LLC,
a West Virginia limited liability company,
its general partner

By: _____
Kevin Orth
Manager

APPENDIX A

DEFINITIONS OF CERTAIN TERMS

Certain capitalized terms used in this Official Statement are defined below. The following is subject to all the terms and provisions of the Indenture, to which reference is hereby made and copies of which are available from the Issuer or the Trustee.

“Act” means Article 18 of Chapter 31 of the Code of West Virginia, 1931, as amended.

“Act of Bankruptcy” means written notice to the Trustee that the Borrower has become insolvent or has failed to pay its debts generally as such debts become due or has admitted in writing its inability to pay any of its indebtedness or has consented to or has petitioned or applied to any court or other legal authority for the appointment of a receiver, liquidator, trustee or similar official for itself or for all or any substantial part of its properties or assets or that any such trustee, receiver, liquidator or similar official has been appointed or that a petition in bankruptcy, insolvency, reorganization or liquidation proceedings (or similar proceedings) have been instituted by or against the Borrower; provided that, if in the case of an involuntary proceeding, such proceeding is not dismissed within 90 days after commencement thereof.

“Additional Payments” means the amounts required to be paid by the Borrower pursuant to the Loan Agreement.

“Administrative Expenses” means the Ordinary Trustee Fees and Expenses, the Dissemination Agent Fee and the Ordinary Issuer Fees.

“Affiliate” of any specified Person means any other Person directly or indirectly controlling or controlled by or under direct or indirect common control with such specified Person. For purposes of this definition, “control” when used with respect to any specified Person means the power to direct the policies of such Person, directly or indirectly, whether through the power to appoint and remove its directors, the ownership of voting securities, by contract, or otherwise; and the terms “controlling” and “controlled” have meanings correlative to the foregoing.

“Assistant Secretary” means each person serving as an Assistant Secretary of the Issuer.

“Authorized Attesting Officer” means an Assistant Secretary of the Issuer, or such other officer or director of the Issuer who, in accordance with the laws of the State, the bylaws or other governing documents of the Issuer, or practice or custom, regularly attests or certifies official acts and records of the Issuer, and includes any assistant or deputy officer to the principal officer or officers exercising such responsibilities.

“Authorized Borrower Representative” means any person who, at any time and from time to time, is designated as the Borrower’s authorized representative by written certificate furnished to the Issuer and the Trustee containing the specimen signature of such person and signed on behalf of the Borrower by or on behalf of any authorized general partner of the Borrower if the Borrower is a general or limited partnership, by any authorized managing member of the Borrower if the Borrower is a limited liability company, or by any authorized officer of the Borrower if the Borrower is a corporation, which certificate may designate an alternate or alternates. The Trustee may conclusively presume that a person designated in a written certificate filed with it as an Authorized Borrower Representative is an Authorized Borrower Representative until such time as the Borrower files with it (with a copy to the Issuer) a written certificate revoking such person’s authority to act in such capacity.

“Authorized Denomination” means \$5,000, or any integral multiple thereof.

“Authorized Officer” means the Chair, Executive Director and each Deputy Director of the Issuer and any other officer or employee of the Issuer designated by certificate of any of the foregoing as authorized by the Issuer to perform a specified act, sign a specified document or otherwise take action with respect to the Bonds. The Trustee may conclusively presume that a person designated in a written certificate filed with it as an Authorized Officer is an

Authorized Officer until such time as such provider files with it a written certificate identifying a different person or persons to act in such capacity.

“Bankruptcy Code” means Title 11 of the United States Code entitled “Bankruptcy,” as in effect now and in the future, or any successor statute.

“Beneficial Owner” means with respect to the Bonds, the Person owning the Beneficial Ownership Interest therein, as evidenced to the satisfaction of the Trustee.

“Beneficial Ownership Interest” means the right to receive payments and notices with respect to the Bonds held in a Book-Entry System.

“Bond Counsel” means Hawkins Delafield & Wood LLP, or other counsel nationally recognized as having an expertise in connection with the exclusion of interest on obligations of states and local governmental units from the gross income of holders thereof for federal income tax purposes.

“Bond Fund” means the Bond Fund created in the Indenture.

“Bond Payment Date” means each Interest Payment Date and any other date Bond Service Charges on the Bonds are due, whether at maturity, upon redemption, Mandatory Tender or acceleration or otherwise.

“Bond Purchase Agreement” means the Bond Purchase Agreement, dated December __, 2020, among the Underwriter, the Issuer and the Borrower.

“Bond Regulatory Agreement” means the Regulatory Agreement with HUD Rider relating to the Project, dated as of December 1, 2020, among the Issuer, the Trustee and the Borrower, as hereafter amended, modified, supplemented or restated from time to time to the extent permitted in the Indenture and which by its terms shall be filed in the official land records of the State on the Closing Date with respect to which the covenants contained therein shall run with the land.

“Bond Resolution” means the resolution relating to the issuance and sale of the Bonds, adopted by the Issuer on [October 28, 2020].

“Bond Service Charges” means, for any period or payable at any time, the principal of and interest on the Bonds for that period or payable at that time whether due at maturity or upon redemption, Mandatory Tender or acceleration.

“Bonds” means the Multifamily Housing Revenue Bonds, Series 2020 (Charles Towers) of the Issuer authorized in the Bond Resolution and the Indenture in the aggregate principal amount of \$5,500,000*.

“Book-Entry Form” or **“Book-Entry System”** means, with respect to the Bonds, a form or system, as applicable, under which (a) physical Bond certificates in fully registered form are issued only to a Depository or its nominee, with the physical Bond certificates “immobilized” in the custody of the Depository and (b) the ownership of book-entry interests in Bonds and Bond Service Charges thereon may be transferred only through a book-entry made by others than the Issuer or the Trustee. The records maintained by others than the Issuer or the Trustee constitute the written record that identifies the owners, and records the transfer, of book-entry interests in those Bonds and Bond Service Charges thereon.

“Borrower” means Charles Towers Associates, L.P., a West Virginia limited partnership.

“Borrower Documents” means the Financing Documents and the FHA Mortgage Loan Documents to which the Borrower is a party.

* Preliminary, subject to change

“Business Day” means a day(a) that is not a Saturday or a Sunday or a day on which (i) banking institutions in the City of New York or in the city in which the principal office of the Trustee, Tender Agent or Remarketing Agent is located or authorized or obligated by law or executive order to be closed or (ii) The New York Stock Exchange is closed and (b) on which the United States Government makes payments of principal and interest on its Treasury obligations.

“Cash Flow Projection” means a cash flow projection prepared by an independent firm of certified public accountants, a financial advisory firm, a law firm or other independent third party qualified and experienced in the preparation of cash flow projections for structured finance transactions similar to the Bonds, designated by the Borrower and acceptable to the Rating Agency, establishing, to the satisfaction of the Rating Agency, the sufficiency of (a) the amount on deposit in the Special Funds, (b) projected investment income to accrue on amounts on deposit in the Special Funds during the applicable period and (c) any additional Eligible Funds delivered to the Trustee by or on behalf of the Borrower to pay Bond Service Charges and the Administrative Expenses, in each instance, when due and payable, including, but not limited to, any cash flow projection prepared in connection with (i) the initial issuance and delivery of the Bonds, (ii) a proposed remarketing of the Bonds as provided in the Indenture, (iii) the release of Eligible Funds from the Negative Arbitrage Account as provided for in the Indenture, (iv) the purchase, sale or exchange of Eligible Investments as provided in the Indenture and (v) the optional redemption of the Bonds as provided in the Indenture, including in the event that the Trustee intends to sell or otherwise dispose of Eligible Investments prior to maturity at a price below par.

“Chair” means the person serving as Chair of the Issuer.

“Closing Date” means December __, 2020.

“Code” means the Internal Revenue Code of 1986, as amended.

“Collateral Fund” means the Collateral Fund created in the Indenture.

“Completion Certificate” means the certificate attached as an exhibit to the Loan Agreement.

“Continuing Disclosure Agreement” means the Continuing Disclosure Agreement dated as of December 1, 2020 between the Borrower and the Dissemination Agent, as originally executed and as it may be amended from time to time in accordance with the terms thereof.

“Controlling Holders” means in the case of consent or direction to be given under the Indenture, the Holders of the majority in aggregate principal amount of the Outstanding Bonds.

“Controlling HUD and GNMA Requirements” means the National Housing Act and any applicable HUD or GNMA regulations, and related HUD or GNMA administrative requirements and prohibitions.

“Costs of Issuance” means the “issuance costs” with respect to the Bonds within the meaning of Section 147(g) of the Code.

“Costs of Issuance Fund” means the Costs of Issuance Fund created under the Indenture.

“Depository” means, with respect to the Bonds, DTC, until a successor Depository shall have become such pursuant to the applicable provisions of the Indenture, and thereafter, Depository shall mean the successor Depository. Any Depository shall be a securities depository that is a clearing agency under a federal law operating and maintaining, with its participants or otherwise, a Book-Entry System to record ownership of book-entry interests in Bonds or Bond Service Charges thereon, and to effect transfers of book-entry interests in Bonds.

“Designated Office” of the Trustee or the Remarketing Agent means, respectively, the office of the Trustee or the Remarketing Agent at the respective Notice Address set forth in the Indenture or at such other address as may be specified in writing by the Trustee or the Remarketing Agent, as applicable, as provided in the Indenture.

“Determination of Taxability” means the receipt by the Trustee of (1) a copy of written notice from the Commissioner or any District Director of the Internal Revenue Service or a determination by any court of competent jurisdiction, or (2) an Opinion of Bond Counsel, in either case to the effect that interest on the Bonds is not excludable for regular federal income tax purpose under Section 103(a) of the Code from gross income of any Holders of the Bonds (other than a Holder who is a substantial user of the Project or a related person as defined in the Code).

“Disbursement Agreement” means the Loan Disbursement Procedures Agreement dated as of December 1, 2020 between the Borrower and the FHA Lender, as amended or supplemented from time to time.

“Dissemination Agent” means Zions Bancorporation, National Association, or any successor, as Dissemination Agent under the Continuing Disclosure Agreement.

“Dissemination Agent Fee” means the fee payable to the Dissemination Agent as compensation for its services and expenses in performing its obligations under the Continuing Disclosure Agreement; provided, however, the amount of the Dissemination Agent Fee payable under the Indenture is limited to money withdrawn from the Expense Fund and the Borrower will be responsible to pay the remaining amount of the Dissemination Agent Fee pursuant to the Loan Agreement.

“DTC” means The Depository Trust Company (a limited purpose trust company), New York, New York, and its successors or assigns.

“DTC Participant” means any participant contracting with DTC under its Book-Entry system and includes securities brokers and dealers, banks and trust companies and clearing corporations.

“Eligible Funds” means, as of any date of determination, any of:

(a) the proceeds of the Bonds (including any additional amount paid by the Underwriter to the Trustee as the purchase price of the Bonds);

(b) moneys drawn on a letter of credit;

(c) moneys received by the Trustee representing advances to the Borrower of FHA Lender Funds;

(d) remarketing proceeds of the Bonds (including any additional amount paid by the Remarketing Agent to the Trustee as the remarketing price of the Bonds) received from the Remarketing Agent or any purchaser of Bonds (other than funds provided by the Borrower, the Issuer, or any Affiliate of either the Borrower or the Issuer);

(e) any other amounts, including the proceeds of refunding bonds, for which, in each case, the Trustee has received an Opinion of Counsel (which opinion may assume that no Holder or Beneficial Owner of Bonds is an “insider” within the meaning of the Bankruptcy Code) to the effect that (a) the use of such amounts to make payments on the Bonds would not violate Section 362(a) of the Bankruptcy Code or that relief from the automatic stay provisions of such Section 362(a) would be available from the bankruptcy court and (b) payments of such amounts to Holders would not be avoidable as preferential payments under Section 547 or 550 of the Bankruptcy Code should the Issuer or the Borrower become a debtor in proceedings commenced under the Bankruptcy Code;

(f) any payments made by the Borrower and held by the Trustee for a continuous period of 123 days, provided that no Act of Bankruptcy has occurred during such period; and

(g) investment income derived from the investment of the money described in (a) through (f), which all such Eligible Funds are eligible for deposit into the Collateral Fund in accordance with the Indenture.

“Eligible Investments” means, subject to the provisions of the Indenture, any of the following obligations which mature (or are redeemable at the option of the Trustee without penalty) at such time or times as to enable timely disbursements to be made from the fund in which such investment is held or allocated in accordance with the applicable terms of the Indenture; provided, however, that notwithstanding anything to the contrary herein or

elsewhere, Eligible Investments shall be limited to securities in which funds of the Issuer are permitted to be invested as set forth in subsection (8) of Section 6 of the Act as then in effect:

(a) Government Obligations;

(b) Shares or units in any money market mutual fund rated “Aaa-mf” by Moody’s (or the equivalent Highest Rating Category given by the Rating Agency for that general category of security) including mutual funds of the Trustee or its affiliates or for which the Trustee or an affiliate thereof serves as investment advisor or provides other services to such mutual fund and receives reasonable compensation therefor that are registered under the Investment Company Act of 1940, as amended, whose investment portfolio consist solely of direct obligations of the government of the United States of America; and

(c) Direct and general obligations of any state or political subdivision of any state, which (i) are rated at the time of purchase in the Highest Rating Category by the Rating Agency and (ii) have an interest accrual period, interest payment dates and principal payment dates that provide for timely payments which are unconditionally and directly payable from the obligations of the character described in (a) and (b) above in amounts sufficient to meet the payment obligations under the Indenture.

“Event of Default” means any of the events described as an Event of Default in the Indenture or the Loan Agreement.

“Expense Fund” means the Expense Fund created in the Indenture.

“Extended Use Agreement” means the Regulatory and Restrictive Covenants for Land Use Agreement related to the Project, entered into in accordance with Section 42(h)(6)(B) of the Code and dated December __, 2020, and effective December __, 2020, between the Issuer and the Borrower.

“Extension Payment” means the amount due, if any, in connection with the change or extension of the Mandatory Tender Date pursuant to the Indenture, and (a) which shall be determined by a Cash Flow Projection approved in writing by the Rating Agency and (b) must consist of Eligible Funds.

“Extraordinary Issuer Fees and Expenses” means the expenses and disbursements payable to the Issuer under the Indenture or the other Financing Documents for Extraordinary Services and Extraordinary Expenses, including extraordinary fees, costs and expenses incurred by Bond Counsel and counsel to the Issuer which are to be paid by the Borrower pursuant to the Loan Agreement.

“Extraordinary Services” and **“Extraordinary Expenses”** mean all services rendered and all reasonable expenses properly incurred by the Trustee or the Issuer under the Indenture or the other Financing Documents, other than Ordinary Services and Ordinary Expenses. Extraordinary Services and Extraordinary Expenses shall specifically include but are not limited to services rendered or expenses incurred by the Trustee or the Issuer in connection with, or in contemplation of, an Event of Default. Notwithstanding the foregoing, the Trustee shall be entitled to charge for Extraordinary Services and Extraordinary Expenses only upon the occurrence of an Event of Default as described in clause (a) or clause (b) in Appendix B – “Summary of Certain Provisions of the Trust Indenture – Defaults; Events of Default”, or in the event the Trustee initiates action to cause an event of default as described in clause (c) or clause (d) in Appendix B – “Summary of Certain Provisions of the Trust Indenture – Defaults; Events of Default”.

“Federal Tax Status” means, as to the Bonds, the status of the interest on the Bonds as excludible from gross income for federal income tax purposes of the Holders of the Bonds (except on Bonds while held by a substantial user or related person, each as defined in the Code).

“FHA” means the Federal Housing Administration of HUD or any successor entity and any authorized representatives or agents thereof, including the Secretary of HUD, the Federal Housing Commissioner and their representatives or agents.

“FHA Commitment” means the Commitment for Insurance of Advances dated _____, 2020 issued by FHA with respect to FHA Insurance on the FHA Mortgage Loan, as the same may be amended.

“FHA Insurance” means the insurance of the FHA Mortgage Loan by FHA pursuant to Section 207 pursuant to Section 223(f) of the National Housing Act.

“FHA Lender” means Capital One, National Association, a national banking association, its successors and assigns.

“FHA Lender Funds” means warehouse funds or other funds of the FHA Lender to be advanced by the FHA Lender to the Trustee which, in the aggregate, do not exceed the amount set forth in the Indenture.

“FHA Mortgage” means the Multifamily Credit Line Deed of Trust, Assignment of Leases and Rents and Security Agreement, made in connection with the FHA Mortgage Loan by the Borrower for the benefit of the FHA Lender, dated as of December 1, 2020, and effective as of December ___, 2020.

“FHA Mortgage Loan” means the mortgage loan to be made from the FHA Lender to the Borrower in the principal amount of \$7,000,000* with respect to the Project, as described and provided for in the FHA Commitment.

“FHA Mortgage Loan Documents” means the FHA Mortgage, the FHA Note, the HUD Regulatory Agreement and all other documents required by the FHA Lender, HUD and/or FHA in connection with the FHA Mortgage Loan.

“FHA Note” means the promissory note dated as of December 1, 2020 made by the Borrower in favor of the FHA Lender in connection with the FHA Mortgage Loan.

“Financing Documents” means the Indenture, the Bonds, the Loan Agreement, the Note, the Tax Certificate and Agreement, the Bond Regulatory Agreement, the Extended Use Agreement, the Bond Purchase Agreement, the Continuing Disclosure Agreement, the Remarketing Agreement, the Disbursement Agreement and any other instrument or document executed in connection with the Bonds, together with all modifications, extensions, renewals and replacements thereof, but excluding the GNMA Documents and the FHA Mortgage Loan Documents.

“Fiscal Period” means, with respect to the Borrower, that period beginning on January 1 of each year and ending on December 31 of that year.

“Force Majeure” means any of the causes, circumstances or events described as constituting Force Majeure in the Loan Agreement.

“GAAP” means generally accepted accounting principles applied on a consistent basis.

“General Partner” means AAP Charles Towers, LLC, a West Virginia limited liability company, the General Partner of the Borrower.

“GNMA” means the Government National Mortgage Association, an organizational unit within HUD, or any successor entity and any authorized representatives or agents thereof, including the Secretary of HUD and his representatives or agents.

“GNMA Certificate” means a mortgage backed security issued by the FHA Lender, guaranteed as to timely payment of principal and interest by GNMA pursuant to the National Housing Act and the regulations under the Indenture, and issued with respect to and backed by the FHA Mortgage Loan.

* Preliminary, subject to change

“GNMA Documents” means any GNMA Certificate, the commitment issued by GNMA to the FHA Lender to guarantee the GNMA Certificate and all other documents, certifications and assurances executed and delivered by the FHA Lender, GNMA or the Borrower in connection with the GNMA Certificate.

“Government” shall mean the government of the United States of America, the government of any other nation, any political subdivision of the United States of America or any other nation (including, without limitation, any state, territory, federal district, municipality or possession) and any department, agency or instrumentality thereof; and **“Governmental”** shall mean of, by, or pertaining to any Government.

“Government Obligations” means (i) noncallable, non-redeemable direct obligations of the United States of America for the full and timely payment of which the full faith and credit of the United States of America is pledged, and (ii) obligations issued by a Person controlled or supervised by and acting as an instrumentality of the United States of America, the full and timely payment of the principal of, premium, if any, and interest on which is fully guaranteed as a full faith and credit obligation of the United States of America (including any securities described in (i) or (ii) issued or held in book-entry form on the books of the Department of the Treasury of the United States of America), which obligations, in either case, are not subject to redemption prior to maturity at less than par at the option of anyone other than the holder thereof.

“Highest Rating Category” means, with respect to an Eligible Investment, that the Eligible Investment is rated by a Rating Agency in the highest rating given by that Rating Agency for that Rating Category provided that such rating shall include but not be below “Aaa” or “Aaa/VMIG 1” if rated by Moody’s or “A-1+” or “AA+” if rated by S&P.

“Holder” or **“Holder of a Bond”** means the Person in whose name a Bond is registered on the Register.

“HUD” means the United States Department of Housing and Urban Development.

“HUD Regulatory Agreement” means the Regulatory Agreement for Insured Multifamily Housing Projects between the Borrower and HUD with respect to the Project, as the same may be supplemented, amended or modified from time to time.

“Indenture” means the Trust Indenture, dated as of December 1, 2020, between the Issuer and the Trustee, as amended or supplemented from time to time.

“Independent” when used with respect to a specified Person means such Person has no specific financial interest direct or indirect in any Borrower or any Affiliate of any Borrower and in the case of an individual is not a director, trustee, officer, partner or employee of any Borrower or any Affiliate of any Borrower and in the case of an entity, does not have a partner, director, trustee, officer, partner or employee who is a director, trustee, officer or employee of any partner of any Borrower or any Affiliate of any Borrower.

“Initial Interest Rate” means ____%.

“Initial Mandatory Tender Date” means June 1, 2022.

“Initial Remarketing Date” means the Initial Mandatory Tender Date, but only if the conditions for remarketing the Bonds on such date as provided in the Indenture are satisfied.

“Interest Payment Date” means (a) June 1 and December 1 of each year beginning June 1, 2021*, (b) each Redemption Date, (c) each Mandatory Tender Date, (d) the Maturity Date and (e) the date of acceleration of the Bonds. In the case of payment of defaulted interest, “Interest Payment Date” also means the date of such payment established pursuant to the Indenture.

* Preliminary; subject to change.

“Interest Rate” means the Initial Interest Rate to but not including the Initial Mandatory Tender Date, and thereafter the applicable Remarketing Rate.

“Interest Rate for Advances” means the rate per annum which is two percent plus that interest rate announced by the Trustee in its lending capacity as a bank as its “Prime Rate” or its “Base Rate.”

“Investor Limited Partner” means, collectively, PNC Bank, National Association, a national banking association, and Columbia Housing SLP Corporation, an Oregon corporation, and their successors and assigns.

“Issuer” means the West Virginia Housing Development Fund, a public body corporate and governmental instrumentality of the State, and its successors and assigns.

“Issuer Documents” means the Financing Documents to which the Issuer is a party.

“Issuer Fees and Expenses” means, collectively, the Ordinary Issuer Fees and the Extraordinary Issuer Fees and Expenses.

“Land” means the real property described in an exhibit attached to the Indenture.

“Loan” means the loan by the Issuer to the Borrower of the proceeds received from the sale of the Bonds.

“Loan Agreement” means the Loan Agreement dated as of even date with the Indenture, between the Issuer and the Borrower and assigned by the Issuer, except for Reserved Rights, to the Trustee, as amended or supplemented from time to time.

“Loan Payments” means the amounts required to be paid by the Borrower in repayment of the Loan pursuant to the provisions of the Note and the Loan Agreement.

“Local Time” means Eastern time (daylight or standard, as applicable).

“Mandatory Tender” means a tender of Bonds required by the Indenture.

“Mandatory Tender Date” means the latest of (a) the Initial Mandatory Tender Date and (b) if the Bonds Outstanding on such date or on any subsequent Mandatory Tender Date are remarketed pursuant to Section 3.07 for a Remarketing Period that does not extend to the final maturity of the Bonds, the day after the last day of the Remarketing Period.

“Maturity Date” means June 1, 2023*.

“Maximum Interest Rate” means the interest rate equal to the lesser of: (a) 12% per annum, or (b) the maximum interest rate per annum permitted by applicable State law.

“Moody’s” means Moody’s Investors Service, Inc., a Delaware corporation, and its successors and assigns, or if it shall for any reason no longer perform the functions of a securities rating agency, then any other nationally recognized rating agency designated by the Borrower and acceptable to the Remarketing Agent.

“National Housing Act” means the National Housing Act of 1937, as amended, and the applicable regulations thereunder.

“Negative Arbitrage Account” means the Negative Arbitrage Account of the Bond Fund created in the Indenture.

* Preliminary; subject to change.

“Note” means the promissory note of the Borrower, dated as of even date with the Bonds initially issued, in the form attached to the Loan Agreement as an exhibit and in the principal amount of \$5,500,000*, evidencing the obligation of the Borrower to make Loan Payments.

“Opinion of Bond Counsel” means an opinion of Bond Counsel.

“Opinion of Counsel” means an opinion from an attorney or firm of attorneys, acceptable to the Trustee, with experience in the matters to be covered in the opinion.

“Optional Redemption Date” means the Initial Mandatory Tender Date.

“Ordinary Issuer Fees” means the origination fee of the Issuer in the amount equal to \$ _____, payable on the Closing Date by the Borrower to the Issuer from the Costs of Issuance Fund, if funded, or from equity funds of the Borrower, but not from the Project Fund or the Bond Fund; provided, however, that such fee does not include amounts due, if any, for Extraordinary Issuer Fees and Expenses; and provided further, however, the amount of Ordinary Issuer Fees payable under the Indenture is limited to money withdrawn from the Expense Fund and the Borrower will be responsible to pay the remaining amount of the Ordinary Issuer Fees pursuant to the Loan Agreement.

“Ordinary Services” and **“Ordinary Expenses”** mean those services normally rendered, and those expenses normally incurred, by a trustee under instruments similar to the Indenture.

“Ordinary Trustee Fees and Expenses” means amounts due to the Trustee for the Ordinary Services and the Ordinary Expenses of the Trustee incurred in connection with its duties under the Indenture, payable annually in advance at closing and on each December 1 thereafter, commencing December 1, 2021 in an amount equal to \$[2,500] per year; a Remarketing Fee of \$[500] per remarketing; a Dissemination Agent Fee of \$[500] per year; and a one-time Acceptance and Set-Up Fee of \$[2,500]; provided, however, the amount of Ordinary Trustee Fees and Expenses payable under the Indenture is limited to money withdrawn from the Expense Fund and the Borrower will be responsible to pay the remaining amount of the Ordinary Trustee Fees and Expenses pursuant to the Loan Agreement. In addition, all amounts due to the Trustee for Extraordinary Services and all Extraordinary Expenses of the Trustee will be paid as provided in the Indenture or directly by the Borrower pursuant to the Loan Agreement.

“Organizational Documents” means the Amended and Restated Agreement of Limited Partnership of the Borrower dated as of December 1, 2020.

“Outstanding Bonds,” “Bonds outstanding” or **“outstanding”** as applied to Bonds mean, as of the applicable date, all Bonds which have been authenticated and delivered, or which are being delivered by the Trustee under the Indenture, except:

- (a) Bonds cancelled upon surrender, exchange or transfer, or cancelled because of payment on or prior to that date;
- (b) Bonds, or the portion thereof, for the payment or purchase for cancellation of which sufficient money has been deposited and credited with the Trustee on or prior to that date for that purpose (whether upon or prior to the maturity of those Bonds);
- (c) Bonds, or the portion thereof, which are deemed to have been paid and discharged or caused to have been paid and discharged pursuant to the provisions of the Indenture; and
- (d) Bonds in lieu of which others have been authenticated under Section 2.07 of the Indenture.

* Preliminary, subject to change

“Person” or words importing persons mean firms, associations, partnerships (including without limitation, general and limited partnerships), joint ventures, societies, estates, trusts, corporations, limited liability companies, public or governmental bodies, other legal entities and natural persons.

“Plans and Specifications” means the plans and specifications describing the Project as now prepared and as they may be changed as provided in the Loan Agreement.

“Predecessor Bond” of any particular Bond means every previous Bond evidencing all or a portion of the same debt as that evidenced by the particular Bond. For the purposes of this definition, any Bond authenticated and delivered under the Indenture in lieu of a lost, stolen or destroyed Bond shall, except as otherwise provided in the Indenture, be deemed to evidence the same debt as the lost, stolen or destroyed Bond.

“Project” means the acquisition, rehabilitation and equipping of a multifamily residential rental housing development to be known as Charles Towers, consisting of approximately 82 units located at 151 Augustine Avenue, Charles Town, Jefferson County, West Virginia.

“Project Costs” means the costs of the Project specified in the Loan Agreement.

“Project Fund” means the Project Fund created in the Indenture.

“Project Purposes” means the making of a loan to finance the Project.

“Rating Agency” means Moody’s, S&P or any other nationally recognized securities rating agency rating the Bonds, or such rating agency’s successors or assigns, and initially means Moody’s so long as Moody’s is rating the bonds.

“Rating Category” means one of the rating categories of the Rating Agency for the specific type and duration of the applicable Eligible Investment.

“Rebate Amount” means the amount required to be rebated to the United States pursuant to Section 148 of the Code.

“Rebate Analyst” means a certified public accountant, financial analyst or attorney, or any firm of the foregoing, or a financial institution (which may include the Trustee) experienced in making the arbitrage and rebate calculations required pursuant to Section 148 of the Code and retained by the Borrower to make the computations and give the directions required pursuant to the Tax Certificate and Agreement. Initially, the Rebate Analyst will be Hawkins Delafield & Wood LLP.

“Rebate Analyst Fee” means a fee paid or payable to the Rebate Analyst for each rebate calculation pursuant to the Tax Certificate and Agreement.

“Rebate Fund” means the Rebate Fund created in the Indenture.

“Redemption Date” means any date upon which Bonds are to be redeemed, including (a) the Maturity Date, (b) the date of acceleration of the Bonds and (c) pursuant to the Indenture.

“Register” means the books kept and maintained by the Trustee for registration and transfer of Bonds pursuant to the Indenture.

“Regular Record Date” means, with respect to any Bond, the fifth Business Day preceding each Interest Payment Date.

“Remarketing Agent” means Stifel, Nicolaus & Company, Incorporated or any successor as Remarketing Agent designated in accordance with the Indenture.

“Remarketing Agent Fee” means the fee of the Remarketing Agent for its remarketing services.

“Remarketing Agreement” means the Remarketing Agreement, dated as of December 1, 2020 by and between the Borrower and the Remarketing Agent, as amended, supplemented or restated from time to time, or any agreement entered into in substitution therefor.

“Remarketing Date” means the Initial Remarketing Date and, if the Bonds Outstanding on such date or on any subsequent Remarketing Date are remarketed pursuant to the Indenture for a Remarketing Period that does not extend to the final maturity of the Bonds, the day after the last day of the Remarketing Period.

“Remarketing Expenses” means the costs and expenses incurred by the Trustee and its counsel, the Remarketing Agent and its counsel, the Issuer and its counsel, and Bond Counsel in connection with the remarketing of the Bonds, including bond printing and registration costs, costs of funds advanced by the Remarketing Agent, registration and filing fees, rating agency fees and other costs and expenses incurred in connection with or properly attributable to the remarketing of Bonds as certified to the Trustee by the Remarketing Agent in writing.

“Remarketing Notice Parties” means the Borrower, the Issuer, the Trustee, the Remarketing Agent, the Investor Limited Partner and the FHA Lender.

“Remarketing Period” means the period beginning on a Remarketing Date and ending on the last day of the term for which Bonds are remarketed pursuant to the Indenture or the final Maturity Date of the Bonds, as applicable.

“Remarketing Proceeds Account” means the Remarketing Proceeds Account of the Bond Fund created in the Indenture.

“Remarketing Rate” means the interest rate or rates established pursuant to the Indenture and borne by the Bonds then Outstanding from and including each Remarketing Date to, but not including, the next succeeding Remarketing Date or the final Maturity Date of the Bonds, as applicable.

“Reserved Rights” of the Issuer means (a) the right of the Issuer to amounts payable to it pursuant to the Indenture and the Loan Agreement, (b) all rights that the Issuer or its officers, directors, agents or employees may have under the Indenture and the Financing Documents to indemnification by the Borrower and by any other persons and to payments for expenses incurred by the Issuer itself, or its officers, directors, agents or employees; (c) the right of the Issuer to receive notices, reports or other information, make determinations and grant approvals under the Indenture and under the other Financing Documents; (d) all rights of the Issuer to enforce the representations, warranties, covenants and agreements of the Borrower pertaining in any manner or way, directly or indirectly, to the requirements of the Act or of the Issuer, and set forth in any of the Financing Documents or in any other certificate or agreement executed by the Borrower; (e) all rights of the Issuer to give or withhold consent to amendments, changes, modifications and alterations to the Indenture, the other Financing Documents and such other matters where, under the Indenture or any Financing Document, the Issuer’s consent or approval is required; and (f) all enforcement remedies with respect to the foregoing. The foregoing rights are retained and are not assigned to the Trustee pursuant to the Indenture.

“Revenues” means (a) the Loan Payments, (b) Eligible Funds received by the Trustee, (c) all other money received or to be received by the Trustee in respect of repayment of the Loan, including without limitation, all money and investments in the Bond Fund, (d) any money and investments in the Project Fund and the Collateral Fund, and (e) all income and profit from the investment of the foregoing money. The term “Revenues” does not include any money or investments in the Rebate Fund, the Expense Fund or the Costs of Issuance Fund.

“S&P” means S&P Global Ratings and its successors and assigns, or if it shall for any reason no longer perform the functions of a securities rating agency, then any other nationally recognized rating agency designated by the Borrower and acceptable to the Issuer and the Remarketing Agent.

“Special Funds” means, collectively, the Bond Fund, the Project Fund and the Collateral Fund, and any accounts therein, all as created in the Indenture.

“Special Record Date” means, with respect to any Bond, the date established by the Trustee in connection with the payment of overdue interest or principal on that Bond.

“State” means the State of West Virginia.

“Supplemental Indenture” means any indenture supplemental to the Indenture entered into between the Issuer and the Trustee in accordance with the Indenture.

“Surplus Cash” means any cash plus amounts receivable under Section 8 project-based subsidy payments (earned in the applicable Fiscal Period) remaining after:

(1) The payment of: (i) all sums immediately due or currently required to be paid under the terms of the FHA Note, the FHA Mortgage and the HUD Regulatory Agreement on the first day of the month following the end of the Fiscal Period; including without limitation, all amounts required to be deposited in the Reserve for Replacement or other reserves as may be required by HUD; and (ii) all other obligations of the Project (accounts payable and accrued, unescrowed expenses) unless funds for payment are set aside or deferment of payment has been approved by HUD, and

(2) The segregation and recording of: (i) an amount equal to the aggregate of all special funds required to be maintained by Borrower; (ii) the greater of Borrower’s total liability or the amount held by Borrower for tenant security deposits; and (iii) all accounts and accrued items payable within thirty (30) days after the end of the Fiscal Period;

as such terms are used in the HUD Regulatory Agreement, and in the event of any conflict and to the extent that there is any inconsistency or ambiguity between the foregoing and the definition of “Surplus Cash” as specified in the HUD Regulatory Agreement, the HUD Regulatory Agreement shall control.

“Tax Certificate and Agreement” means the Tax Certificate and Agreement, made and executed by the Issuer and the Borrower in connection with the Bonds dated as of December __, 2020, including IRS Form 8038, an Issue Price Certificate of the Underwriter and other exhibits and attachments.

“Tendered Bond” means any Bond which has been tendered for purchase pursuant to a Mandatory Tender.

“Trust Estate” means the property rights, money, securities and other amounts pledged and assigned to the Trustee under the Indenture pursuant to the Granting Clauses of the Indenture.

“Trustee” means Zions Bancorporation, National Association, until a successor Trustee shall have become such pursuant to the applicable provisions of the Indenture, and thereafter, “Trustee” shall mean the successor Trustee.

“Undelivered Bond” means any Bond that is required under the Indenture to be delivered to the Remarketing Agent or the Trustee for purchase on a Mandatory Tender Date but that has not been received on the date such Bond is required to be so delivered.

“Underwriter” means Stifel, Nicolaus & Company, Incorporated.

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APPENDIX B

SUMMARY OF CERTAIN PROVISIONS OF THE TRUST INDENTURE

The following is a brief summary of certain provisions of the Indenture. The following summary does not purport to be complete or definitive and is subject to all the terms and provisions of the Indenture, to which reference is hereby made and copies of which are available from the Issuer or the Trustee.

Creation of Funds

The following funds and accounts will be established and maintained by the Trustee under the Indenture:

- (a) the Bond Fund, and therein the Negative Arbitrage Account and the Remarketing Proceeds Account (but only at such times as money is to be deposited or held in such Accounts as provided in the Indenture);
- (b) the Project Fund;
- (c) the Costs of Issuance Fund;
- (d) the Collateral Fund;
- (e) the Rebate Fund; and
- (f) the Expense Fund.

Each fund and account therein shall be maintained by the Trustee as a separate and distinct trust fund or account to be held, managed, invested, disbursed and administered as provided in the Indenture; provided, the Rebate Fund, the Expense Fund and the Costs of Issuance Fund shall not be part of the Trust Estate and shall not be subject to lien and pledge of the Indenture. All money deposited in the funds and accounts created under the Indenture shall be used solely for the purposes set forth in the Indenture. The Trustee shall keep and maintain adequate records pertaining to each fund and account, and all disbursements therefrom, in accordance with its general practices and procedures in effect from time to time. The Trustee may also terminate funds and accounts that are no longer needed.

The Trustee shall, at the written direction of an Authorized Borrower Representative, and may, in its discretion, establish such additional accounts within any fund, and subaccounts within any of the accounts, as the Issuer or the Trustee may deem necessary or useful for the purpose of identifying more precisely the sources of payments into and disbursements from that fund and its accounts, or for the purpose of complying with the requirements of the Code, but the establishment of any such account or subaccount shall not alter or modify any of the requirements of the Indenture with respect to a deposit or use of money in the Special Funds or the Rebate Fund, or result in commingling of funds not permitted under the Indenture.

Bond Fund

On the Closing Date, there shall be deposited in the Negative Arbitrage Account of the Bond Fund the initial deposit amount provided in the Indenture. Any Extension Payment received by the Trustee in connection with an extension of the Mandatory Tender Date will also be deposited in the Negative Arbitrage Account.

So long as there are any Outstanding Bonds, to the extent the Borrower has not received a credit against Loan Payments, all Loan Payments under the Loan Agreement shall be paid on or before each Interest Payment Date directly to the Trustee, and deposited in the Bond Fund, in at least the amount necessary to pay the interest and the principal due on the Bonds on such Bond Payment Date.

The Bond Fund (and accounts therein for which provision is made in the Indenture) and the money therein shall be used solely and exclusively for the payment of Bond Service Charges as they become due.

Bond Service Charges shall be payable, as they become due, (a) in the first instance from the money on deposit in the Bond Fund (other than the Negative Arbitrage Account within the Bond Fund), (b) next from money on deposit in the Negative Arbitrage Account within the Bond Fund, (c) next from money on deposit in the Collateral Fund and transferred as necessary to the Bond Fund and (d) thereafter, from money on deposit in the Project Fund and transferred as necessary to the Bond Fund.

Upon receipt by the Trustee of a Cash Flow Projection provided on behalf of the Borrower with a copy to the Issuer, the Trustee is authorized to release from the Negative Arbitrage Account the amount set forth in the Cash Flow Projection to or at the written direction of the Borrower.

Project Fund

Upon the deposit of Eligible Funds into the Collateral Fund as provided in the Indenture, the Trustee shall unconditionally and immediately upon receipt of Eligible Funds disburse the Bond proceeds on deposit in the Project Fund with the prior written approval of the FHA Lender, for use by the Borrower to pay Project Costs in accordance with the Loan Agreement and upon satisfaction of the conditions in the Loan Agreement. The Trustee shall disburse funds from the Project Fund in accordance with the Loan Agreement on the same Business Day that it receives the Eligible Funds in the event (i) the Trustee receives the fully-signed and completed disbursement request prior to such Business Day and (ii) the Trustee receives the Eligible Funds with respect to such disbursement request prior to 1:00 PM Local Time on such Business Day. If the Trustee receives the Eligible Funds after 1:00 PM Local Time, the disbursement shall be made on the next succeeding Business Day. Notwithstanding any provisions to the contrary, upon satisfaction of the conditions set forth in the Loan Agreement, the Trustee shall be unconditionally and irrevocably obligated to disburse funds from the Project Fund with the prior written approval of the FHA Lender. The Trustee shall not disburse money from the Project Fund, other than to pay Bond Service Charges on the Bonds, unless and until Eligible Funds in an amount equal to or greater than the requested disbursement amount have been deposited into the Collateral Fund and all of the conditions set forth in the Loan Agreement are met. In accordance with the Loan Agreement, and prior to making any disbursement, the Trustee shall determine that the aggregate account balance in (a) the Collateral Fund and (b) the Project Fund (less the requested disbursement amount) is at least equal to the then-Outstanding principal amount of the Bonds; provided, however, to the extent money on deposit in the Project Fund is invested in Eligible Investments, the Trustee is hereby authorized to make the following allocations and exchanges, which allocations and exchanges shall occur prior to the disbursement of amounts on deposit in the Project Fund to pay Project Costs: (i) allocate all or a portion of the Eligible Investments in the Project Fund, in the amount specified in the request for disbursement, to the Collateral Fund and (ii) transfer a like amount of Eligible Funds on deposit in the Collateral Fund to the Project Fund, in exchange for an allocation of a like amount of Eligible Investments held therein.

Money in the Project Fund shall be disbursed in accordance with the provisions of the Loan Agreement and the Indenture. To the extent money is not otherwise available to the Trustee, including money on deposit in the Bond Fund and the Collateral Fund, the Trustee shall transfer from the Project Fund to the Bond Fund sufficient money to make the necessary interest and principal payments, if any, on each Interest Payment Date without further written direction.

On any Redemption Date, the Trustee will transfer any amounts then on deposit in the Project Fund into the Bond Fund to pay Bond Service Charges on the Bonds.

Upon the occurrence and continuance of an Event of Default under the Indenture as a result of which the principal amount of the Bonds has been declared to be due and immediately payable pursuant to the Indenture, any money remaining in the Project Fund shall be promptly transferred by the Trustee to the Bond Fund.

Collateral Fund

The Trustee shall deposit into the Collateral Fund all Eligible Funds received pursuant to the Loan Agreement and any other Eligible Funds received by the Trustee at the written direction of the Borrower. The Loan Agreement requires the Borrower to cause the FHA Lender to deliver certain Eligible Funds to the Trustee for deposit into the Collateral Fund in a principal amount equal to, and as a prerequisite to the disbursement of, the amount of Bond proceeds on deposit in the Project Fund to be disbursed by the Trustee to pay Project Costs.

Each deposit into the Collateral Fund shall constitute an irrevocable deposit solely for the benefit of the Holders, subject to the provisions of the Indenture; provided, however, if for any reason the Trustee is not able to disburse a corresponding amount of Bond proceeds from the Project Fund immediately following receipt of Eligible Funds from the FHA Lender for deposit into the Collateral Fund, the Trustee shall promptly wire transfer such Eligible Funds back to the FHA Lender and not deposit the same into the Collateral Fund.

The Trustee shall transfer money in the Collateral Fund as follows: (i) on the Mandatory Tender Date, to the Bond Fund, the amount necessary to pay the purchase price of the Bonds, to the extent amounts on deposit in the Remarketing Proceeds Account and the Negative Arbitrage Account of the Bond Fund are insufficient therefor; and (ii) on any Redemption Date or the Maturity Date of the Bonds, to the Bond Fund the amount, together with amounts on deposit in the Bond Fund, necessary to pay the principal and interest due on the Bonds on such date.

On any Redemption Date, the Trustee will transfer funds held in the Collateral Fund into the Bond Fund to pay Bond Service Charges on the Bonds.

Amounts on deposit in the Collateral Fund in excess of the amount required to pay Bond Service Charges after payment in full of the Bonds may be transferred to the Project Fund and used to pay Project Costs as provided in the Loan Agreement.

The Bonds shall not be, and shall not be deemed to be, paid or prepaid by reason of any deposit into the Collateral Fund unless and until the amount on deposit in the Collateral Fund is transferred to the Bond Fund and applied to the payment of the principal of any of the Bonds, the principal component of the redemption price of any of the Bonds or the principal component of the tender price of any of the Bonds, all as provided in the Indenture.

Expense Fund

The Trustee shall apply money on deposit in the Expense Fund solely for the following purposes, upon receipt of written instructions from the Borrower, in the following order of priority:

- (a) to transfer money to the Rebate Fund to the extent necessary to pay the Rebate Amount (if any) when due pursuant to the Indenture;
- (b) to pay the Ordinary Trustee Fees and Expenses when due;
- (c) to pay the Dissemination Agent Fee when due;
- (d) to pay the Ordinary Issuer Fees when due;
- (e) to pay the Issuer Fees and Expenses not previously paid; and
- (f) to pay the Remarketing Expenses when due.

To the extent moneys in the Expense Fund are not sufficient to pay the foregoing fees and expenses, such deficiency shall be paid by the Borrower pursuant to the Loan Agreement immediately upon written demand. Nothing to the contrary stated in the Indenture, the Expense Fund and the monies deposited therein shall not be part of the Trust Estate and shall not be subject to lien and pledge of this Indenture.

Investment of Special Funds and Rebate Fund

Except as otherwise set forth in the Indenture, moneys in the Special Funds and the Rebate Fund shall be invested and reinvested by the Trustee in Eligible Investments at the written direction of the Authorized Borrower Representative.

In the absence of instructions from the Authorized Borrower Representative regarding investment of moneys in the Special Funds and the Rebate Fund, the Trustee shall invest solely in Eligible Investments.

Except as provided in the following paragraph, investments of money in the Bond Fund, the Project Fund, and the Collateral Fund shall be invested and reinvested (i) at the written direction of the Authorized Borrower Representative in Government Obligations that mature or are redeemable at the option of the Trustee at par no later than thirty (30) days from the date of investment or (ii) in the absence of instructions from the Authorized Borrower Representative, the Trustee shall invest solely in Eligible Investments.

At no time shall the Authorized Borrower Representative direct that any funds constituting gross proceeds of the Bonds be used in any manner as would constitute failure of compliance with Section 148 of the Code. Investments of moneys in the Bond Fund shall mature or be redeemable at the times and in the amounts necessary to provide moneys to pay Bond Service Charges on the Bonds. Each investment of moneys in a Project Fund shall mature or be redeemable without penalty at such time as may be necessary to make payments from the Project Fund, including on each Interest Payment Date. Any of those investments may be purchased from or sold to the Trustee, the Registrar, an authenticating agent or a paying agent, or any bank, trust company or savings and loan association affiliated with any of the foregoing. The Trustee shall sell or redeem investments credited to the Special Funds to produce sufficient moneys applicable hereunder to and at the times required for the purposes of paying Bond Service Charges when due as aforesaid, and shall do so without necessity for any order on behalf of the Issuer and without restriction by reason of any order. An investment made from moneys credited to the Special Funds shall constitute part of that respective Fund. All investment earnings from amounts on deposit in the Project Fund shall be credited to the Negative Arbitrage Account of the Bond Fund. All investment earnings from amounts on deposit in the Collateral Fund shall be credited to the Negative Arbitrage Account of the Bond Fund. All gains resulting from the sale of, or income from, any investment made from moneys credited to the Special Funds shall be credited to and become part of the Bond Fund. Except as may be otherwise expressly provided under the Indenture, with respect to any investment made from moneys credited to any fund or account under the Indenture (i) all gains or losses resulting from the sale thereof shall be credited to or charged against such fund or account and (ii) any income or earnings thereon shall be retained in and constitute part of such fund or account. If the Trustee is required to sell or otherwise dispose of any Eligible Investments prior to maturity, the Borrower shall, at the Borrower's expense, deliver to the Trustee (i) a Cash Flow Projection and (ii) Eligible Funds in the amount set forth in such Cash Flow Projection, if any.

The Trustee shall not be liable for losses on investments made in compliance with the provisions of the Indenture.

Ratings of Eligible Investments shall be determined at the time of purchase of such Eligible Investments and without regard to ratings subcategories. The Trustee may make any and all such investments through its own investment department or that of its affiliates or subsidiaries, and may charge its ordinary and customary fees for such trades, including cash sweep account fees. Although each of the Issuer and the Borrower recognizes that it may obtain a broker confirmation or written statement containing comparable information at no additional cost, each of the Issuer and the Borrower hereby agrees that confirmations of Eligible Investments are not required to be issued by the Trustee for each month in which a monthly statement is rendered. No statement need be rendered for any fund or account if no activity occurred in such fund or account during such month. The Trustee may conclusively rely upon the Authorized Borrower Representative's written instructions as to both the suitability and legality of the directed investments. Following the Closing Date, at the direction of the Borrower with written notice from the Borrower to the Issuer, the Trustee is permitted to purchase, sell or exchange Eligible Investments with a Cash Flow Projection delivered to the Trustee and the Issuer.

Notwithstanding the foregoing, any moneys held under the Indenture without the written direction of the Authorized Borrower Representative shall be invested in Eligible Investments; provided, however, that (i) earnings received by the Trustee with respect to Government Obligations purchased for the purpose of paying Bond Service Charges shall be held uninvested and (ii) Bond proceeds and the Initial Borrower Deposit shall be held uninvested until the Trustee has purchased, sold or exchanged Eligible Investments.

Defaults; Events of Default

The occurrence of any of the following events is defined as and declared to be and to constitute an Event of Default under the Indenture:

(a) Payment of any interest on any Bond shall not be made when and as that interest shall become due and payable;

(b) Payment of the principal of any Bond shall not be made when and as that principal shall become due and payable, whether at stated maturity, upon acceleration or otherwise;

(c) Failure by the Issuer to observe or perform any other covenant, agreement or obligation on its part to be observed or performed contained in the Indenture or in the Bonds, which failure shall have continued for a period of 30 days after written notice, by registered or certified mail, to the Issuer, the Borrower and the Investor Limited Partner specifying the failure and requiring that it be remedied, which notice may be given by the Trustee in its discretion and shall be given by the Trustee at the written request of the Holders of not less than 25% in aggregate principal amount of Bonds then Outstanding; and

(d) The occurrence and continuance of an Event of Default as defined in the Loan Agreement.

The term “default” or “failure” as used in the Indenture means (i) a default or failure by the Issuer in the observance or performance of any of the covenants, agreements or obligations on its part to be observed or performed contained in the Indenture or in the Bonds, or (ii) a default or failure by the Borrower under the Loan Agreement, exclusive of any period of grace or notice required to constitute a default or failure an Event of Default, as provided above or in the Loan Agreement.

Acceleration

Upon the occurrence of an Event of Default described in (a) or (b) under the heading “Defaults; Events of Default” above, the Trustee may declare, and upon the written request of the Holders of not less than a majority in aggregate principal amount of Bonds then Outstanding the Trustee shall declare, by a notice in writing delivered to the Borrower, the principal of all Bonds then Outstanding (if not then due and payable), and the interest accrued thereon, to be due and payable immediately. Upon the occurrence of any Event of Default other than those described in (a) or (b) under the heading “Defaults; Events of Default” above, the Trustee may, with the written consent of all Holders of Bonds then Outstanding, declare by a notice in writing delivered to the Borrower, the principal of all Bonds then Outstanding (if not then due and payable), and the interest thereon, to be due and payable immediately. Upon such declaration, that principal and interest shall become and be due and payable immediately. Interest on the Bonds shall accrue to the date determined by the Trustee for the tender of payment to the Holders pursuant to that declaration; provided, that interest on any unpaid principal of Bonds Outstanding shall continue to accrue from the date determined by the Trustee for the tender of payment to the Holders of those Bonds.

The provisions of the preceding paragraph are subject, however, to the condition that if, at any time after declaration of acceleration and prior to the entry of a judgment in a court for enforcement under the Indenture (after an opportunity for hearing by the Issuer and the Borrower),

(a) all sums payable under the Indenture (except the principal of and interest on Bonds which have not reached their stated maturity dates but which are due and payable solely by reason of that declaration of acceleration), plus interest to the extent permitted by law on any overdue installments of interest at the rate borne by the Bonds in respect of which the default shall have occurred, shall have been duly paid or provision shall have been duly made therefor by deposit with the Trustee, and

(b) all existing Events of Default shall have been cured, then and in every case, the Trustee shall waive the Event of Default and its consequences and shall rescind and annul that declaration. No waiver or rescission and annulment shall extend to or affect any subsequent Event of Default or shall impair any rights consequent thereon.

The Investor Limited Partner shall be entitled to cure any Event of Default under the Indenture within the time frame provided to the Borrower under the Indenture. The Issuer and the Trustee agree that cure of any default or Event of Default made or tendered by the Investor Limited Partner shall be deemed to be a cure by the Borrower and shall be accepted or rejected on the same basis as if made or tendered by the Borrower.

Other Remedies; Rights of Holders

With or without taking action under the heading “Acceleration” above, upon the occurrence and continuance of an Event of Default, the Trustee may pursue any available remedy, including without limitation actions at law or equity to enforce the payment of Bond Service Charges or the observance and performance of any other covenant, agreement or obligation under the Indenture, the Loan Agreement, the Bond Regulatory Agreement or the Note or any other instrument providing security, directly or indirectly, for the Bonds.

If, upon the occurrence and continuance of an Event of Default, the Trustee is requested so to do by the Holders of at least 25% in aggregate principal amount of Bonds Outstanding, the Trustee (subject to the provisions of the Indenture) shall exercise any rights and powers conferred by the Indenture as described above.

No remedy conferred upon or reserved to the Trustee (or to the Holders) by the Indenture is intended to be exclusive of any other remedy. Subject to the provisions of the Indenture, each remedy shall be cumulative and shall be in addition to every other remedy given under the Indenture or otherwise to the Trustee or to the Holders now or hereafter existing.

No delay in exercising or omission to exercise any remedy, right or power accruing upon any default or Event of Default shall impair that remedy, right or power or shall be construed to be a waiver of any default or Event of Default or acquiescence therein. Every remedy, right and power may be exercised from time to time and as often as may be deemed to be expedient.

No waiver of any default or Event of Default under the Indenture, whether by the Trustee or by the Holders, shall extend to or shall affect any subsequent default or Event of Default or shall impair any remedy, right or power consequent thereon.

As the assignee of all right, title and interest of the Issuer in and to the Loan Agreement (except for the Reserved Rights), the Trustee is empowered to enforce each remedy, right and power granted to the Issuer under the Loan Agreement. In exercising any remedy, right or power under the Indenture or the Loan Agreement, the Trustee shall take any action which would best serve the interests of the Holders in the judgment of the Trustee, applying the standards described in the Indenture, subject to the provisions of this heading.

Right of Holders to Direct Proceedings

Anything to the contrary in the Indenture notwithstanding, the Holders of a majority in aggregate principal amount of Bonds then Outstanding shall have the right at any time to direct, by an instrument or document in writing executed and delivered to the Trustee, the method and place of conducting all proceedings to be taken in connection with the enforcement of the terms and conditions of the Indenture or any other proceedings under the Indenture; provided, that (a) any direction shall not be other than in accordance with the provisions of law and of the Indenture, (b) the Trustee shall be indemnified as provided in the Indenture, and (c) the Trustee may take any other action which it deems to be proper and which is not inconsistent with the direction.

Application of Money

After payment of any costs, expenses, liabilities and advances paid, incurred or made by the Trustee in the collection of money and to all Ordinary Trustee Fees and Expenses and fees of the Trustee for Extraordinary Services and Extraordinary Expenses (including without limitation, reasonable attorneys’ fees and expenses, except as limited by law or judicial order or decision entered in any action taken under this heading), all money received by the Trustee, shall be applied as follows, subject to the Indenture:

(a) Unless the principal of all of the Bonds shall have become, or shall have been declared to be, due and payable, all of such money shall be deposited in the Bond Fund and shall be applied:

First – To the payment to the Holders entitled thereto of all installments of interest then due on the Bonds, in the order of the dates of maturity of the installments of that interest, beginning with the earliest

date of maturity and, if the amount available is not sufficient to pay in full any particular installment, then to the payment thereof ratably, according to the amounts due on that installment, to the Holders entitled thereto, without any discrimination or privilege, except as to any difference in the respective rates of interest specified in the Bonds; and

Second – To the payment to the Holders entitled thereto of the unpaid principal of any of the Bonds which shall have become due, in the order of their due dates, beginning with the earliest due date, with interest on those Bonds from the respective dates upon which they became due at the rates specified in those Bonds, and if the amount available is not sufficient to pay in full all Bonds due on any particular date, together with that interest, then to the payment thereof ratably, according to the amounts of principal due on that date, to the Holders entitled thereto, without any discrimination or privilege, except as to any difference in the respective rates of interest specified in the Bonds.

(b) If the principal of all of the Bonds shall have become due or shall have been declared to be due and payable pursuant to the Indenture, all of such money shall be deposited into the Bond Fund and shall be applied to the payment of the principal and interest then due and unpaid upon the Bonds, without preference or priority of principal over interest, of interest over principal, of any installment of interest over any other installment of interest, or of any Bond over any other Bond, ratably, according to the amounts due respectively for principal and interest, to the Holders entitled thereto, without any discrimination or privilege, except as to any difference in the respective rates of interest specified in the Bonds.

(c) If the principal of all of the Bonds shall have been declared to be due and payable pursuant to the Indenture, and if that declaration thereafter shall have been rescinded and annulled, subject to the provisions of the preceding paragraph, in the event that the principal of all of the Bonds shall become due and payable later, the money shall be deposited in the Bond Fund and shall be applied as directed in the Indenture.

(d) Whenever money is to be applied pursuant to the provisions of this heading, such money shall be applied at such times, and from time to time, as the Trustee shall determine, having due regard to the amount of money available for application and the likelihood of additional money becoming available for application in the future. Whenever the Trustee shall direct the application of such money, it shall fix the date upon which the application is to be made, and upon that date, interest shall cease to accrue on the amounts of principal, if any, to be paid on that date, provided the money is available therefor. The Trustee shall give notice of the deposit with it of any money and of the fixing of that date, all consistent with the requirements of the Indenture for the establishment of, and for giving notice with respect to, a Special Record Date for the payment of overdue interest. The Trustee shall not be required to make payment of principal of a Bond to the Holder thereof, until the Bond shall be presented to the Trustee for appropriate endorsement or for cancellation if it is paid fully.

Remedies Vested in Trustee

All rights of action (including without limitation, the right to file proof of claims) under the Indenture or under any of the Bonds may be enforced by the Trustee without the possession of any of the Bonds or the production thereof in any trial or other proceeding relating thereto. Any suit or proceeding instituted by the Trustee shall be brought in its name as Trustee without the necessity of joining any Holders as plaintiffs or defendants. Any recovery of judgment shall be for the benefit of the Holders of the Outstanding Bonds, subject to the provisions of the Indenture.

Rights and Remedies of Holders

A Holder shall not have any right to institute any suit, action or proceeding for the enforcement of the Indenture, for the execution of any trust of the Indenture, or for the exercise of any other remedy under the Indenture, unless:

(a) there has occurred and is continuing an Event of Default of which the Trustee has been notified, as provided in the Indenture, or of which it is deemed to have notice under that paragraph,

(b) the Holders of at least 25% in aggregate principal amount of Bonds then Outstanding shall have made written request to the Trustee and shall have afforded the Trustee reasonable opportunity to proceed to exercise the remedies, rights and powers granted in the Indenture or to institute the suit, action or proceeding in its own name, and shall have offered indemnity to the Trustee, and

(c) the Trustee thereafter shall have failed or refused to exercise the remedies, rights and powers granted in the Indenture or to institute the suit, action or proceeding in its own name.

At the option of the Trustee, that notification (or notice), request, opportunity and offer of indemnity are conditions precedent in every case, to the institution of any suit, action or proceeding described above.

No one or more Holders of the Bonds shall have any right to affect, disturb or prejudice in any manner whatsoever the security or benefit of the Indenture by its or their action, or to enforce, except in the manner provided in the Indenture, any remedy, right or power under the Indenture. Any suit, action or proceedings shall be instituted, had and maintained in the manner provided in the Indenture for the benefit of the Holders of all Bonds then Outstanding. Nothing in the Indenture shall affect or impair, however, the right of any Holder to enforce the payment of the Bond Service Charges on any Bond owned by that Holder at and after the maturity thereof, at the place, from the sources and in the manner expressed in that Bond.

Termination of Proceedings

In case the Trustee shall have proceeded to enforce any remedy, right or power under the Indenture in any suit, action or proceedings, and the suit, action or proceedings shall have been discontinued or abandoned for any reason, or shall have been determined adversely to the Trustee, the Issuer, the Trustee and the Holders shall be restored to their former positions and rights under the Indenture, respectively, and all rights, remedies and powers of the Trustee shall continue as if no suit, action or proceedings had been taken.

Waivers of Events of Default

Except as provided in the Indenture, at any time, in its discretion, the Trustee may waive any Event of Default under the Indenture and its consequences and may rescind and annul any declaration of maturity of principal or of interest on, the Bonds. The Trustee shall do so upon the written request of the Holders of:

(a) at least a majority in aggregate principal amount of all Bonds then Outstanding in respect of which an Event of Default in the payment of Bond Service Charges exists, or

(b) at least 25% in aggregate principal amount of all Bonds then Outstanding, in the case of any other Event of Default.

There shall not be so waived, however, any Event of Default described in paragraph (a) or (b) under the heading "Defaults; Events of Default" above, or any declaration of acceleration in connection therewith rescinded or annulled, unless at the time of that waiver or rescission and annulment, payments of the amounts provided in the Indenture for waiver and rescission and annulment in connection with acceleration of maturity have been made or provision has been made therefor. In the case of the waiver or rescission and annulment, or in case any suit, action or proceedings taken by the Trustee on account of any Event of Default shall have been discontinued, abandoned or determined adversely to it, the Issuer, the Trustee and the Holders shall be restored to their former positions and rights under the Indenture, respectively. No waiver or rescission shall extend to any subsequent or other Event of Default or impair any right consequent thereon.

Supplemental Indentures Not Requiring Consent of Holders

Without the consent of, or notice to, any of the Holders, the Issuer and the Trustee may enter into indentures supplemental to the Indenture which shall not, in the opinion of the Issuer and the Trustee, be inconsistent with the terms and provisions of the Indenture for any one or more of the following purposes:

- (a) To cure any ambiguity, inconsistency or formal defect or omission in the Indenture;
- (b) To grant to or confer upon the Trustee for the benefit of the Holders any additional rights, remedies, powers or authority that lawfully may be granted to or conferred upon the Holders or the Trustee;
- (c) To assign additional revenues under the Indenture;
- (d) To accept additional security and instruments and documents of further assurance with respect to the Project;
- (e) To add to the covenants, agreements and obligations of the Issuer under the Indenture, other covenants, agreements and obligations to be observed for the protection of the Holders, or to surrender or limit any right, power or authority reserved to or conferred upon the Issuer in the Indenture;
- (f) To evidence any succession to the Issuer and the assumption by its successor of the covenants, agreements and obligations of the Issuer under the Indenture, the Loan Agreement and the Bonds;
- (g) To facilitate (i) the transfer of Bonds issued by the Issuer under the Indenture and held in Book Entry Form from one Depository to another and the succession of Depositories, or (ii) the withdrawal of Bonds issued by the Issuer under the Indenture and delivered to a Depository for use in a Book Entry System and the issuance of replacement Bonds in fully registered form and in the form of physical certificates to others than a Depository;
- (h) To permit the Trustee to comply with any obligations imposed upon it by law;
- (i) To specify further the duties and responsibilities of the Trustee;
- (j) To achieve compliance of the Indenture with any applicable federal securities or tax law;
- (k) To make amendments to the provisions hereof relating to arbitrage matters under Section 148 of the Code, if, in the Opinion of Bond Counsel, those amendments would not adversely affect the Federal Tax Status of the Bonds which amendments may, among other things, change the responsibility for making the relevant calculations, provided that in no event shall such amendment delegate to the Trustee, without its consent, in its sole discretion the obligation to make or perform the calculations required under Section 148 of the Code; and
- (l) To permit any other amendment that, in the judgment of the Trustee, is not to the prejudice of the Issuer, the Trustee or the Holders.

The provisions of Subsections (h) and (j) above shall not be deemed to constitute a waiver by the Trustee, the Issuer or any Holder of any right which it may have in the absence of those provisions to contest the application of any change in law to the Indenture or the Bonds.

Supplemental Indentures Requiring Consent of Holders

Exclusive of Supplemental Indentures to which reference is made under the heading “Supplemental Indentures Not Requiring Consent of Holders” above and subject to the terms, provisions and limitations contained in this heading, and not otherwise, with the consent of the Holders of not less than a majority in aggregate principal amount of the Bonds at the time Outstanding, evidenced as provided in the Indenture, and with the consent of the Borrower if required under this heading, the Issuer and the Trustee may execute and deliver Supplemental Indentures adding any provisions to, changing in any manner or eliminating any of the provisions of the Indenture or any Supplemental Indenture or restricting in any manner the rights of the Holders. Nothing in this heading shall permit, however, or be construed as permitting:

- (a) without the consent of the Holder of each Bond so affected, (i) an extension of the maturity of the principal of or the interest on any Bond or (ii) a reduction in the principal amount of any Bond or the rate of interest thereon, or

(b) without the consent of the Holders of all Bonds then Outstanding, (i) the creation of a privilege or priority of any Bond or Bonds over any other Bond or Bonds, or (ii) a reduction in the aggregate principal amount of the Bonds required for consent to a Supplemental Indenture.

If the Issuer shall request that the Trustee execute and deliver any Supplemental Indenture for any of the purposes of this heading, upon (i) being satisfactorily indemnified with respect to its expenses in connection therewith, and (ii) if required by the Indenture, receipt of the Borrower's consent to the proposed execution and delivery of the Supplemental Indenture, the Trustee shall cause notice of the proposed execution and delivery of the Supplemental Indenture to be mailed by first-class mail, postage prepaid, to all Holders of Bonds then Outstanding at their addresses as they appear on the Register at the close of business on the fifteenth day preceding that mailing.

The Trustee shall not be subject to any liability to any Holder by reason of the Trustee's failure to mail, or the failure of any Holder to receive, the notice required by this heading. Any failure of that nature shall not affect the validity of the Supplemental Indenture when there has been consent thereto as provided in this heading. The notice shall set forth briefly the nature of the proposed Supplemental Indenture and shall state that copies thereof are on file at the Designated Office of the Trustee for inspection by all Holders.

If the Trustee shall receive, within a period prescribed by the Borrower, of not less than sixty (60) days, but not exceeding one year, following the mailing of the notice, an instrument or document or instruments or documents, in form to which the Trustee does not reasonably object, purporting to be executed by the Holders of not less than a majority in aggregate principal amount of the Bonds then Outstanding (which instrument or document or instruments or documents shall refer to the proposed Supplemental Indenture in the form described in the notice and specifically shall consent to the Supplemental Indenture in substantially that form), the Trustee shall, but shall not otherwise, execute and deliver the Supplemental Indenture in substantially the form to which reference is made in the notice as being on file with the Trustee, without liability or responsibility to any Holder, regardless of whether that Holder shall have consented thereto.

Any consent shall be binding upon the Holder of the Bond giving the consent and, anything in the Indenture to the contrary notwithstanding, upon any subsequent Holder of that Bond and of any Bond issued in exchange therefor (regardless of whether the subsequent Holder has notice of the consent to the Supplemental Indenture). A consent may be revoked in writing, however, by the Holder who gave the consent or by a subsequent Holder of the Bond by a revocation of such consent received by the Trustee prior to the execution and delivery by the Trustee of the Supplemental Indenture. At any time after the Holders of the required percentage of Bonds shall have filed their consents to the Supplemental Indenture, the Trustee shall make and file with the Issuer a written statement that the Holders of the required percentage of Bonds have filed those consents. That written statement shall be conclusive evidence that the consents have been so filed.

If the Holders of the required percentage in aggregate principal amount of Bonds Outstanding shall have consented to the Supplemental Indenture, as provided in this section, no Holder shall have any right (a) to object to (i) the execution or delivery of the Supplemental Indenture, (ii) any of the terms and provisions contained therein, or (iii) the operation thereof, (b) to question the propriety of the execution and delivery thereof, or (c) to enjoin or restrain the Trustee or the Issuer from that execution or delivery or from taking any action pursuant to the provisions thereof.

Consent of Borrower

Anything contained in the Indenture to the contrary notwithstanding, a Supplemental Indenture executed and delivered in accordance with the Indenture which affects in any material respect any rights or obligations of the Borrower shall not become effective unless and until the Borrower shall have consented in writing to the execution and delivery of that Supplemental Indenture. The Trustee shall cause notice of the proposed execution and delivery of any Supplemental Indenture and a copy of the proposed Supplemental Indenture to be mailed to the Borrower, as provided in the Indenture, (a) at least thirty (30) days (unless waived by the Borrower) before the date of the proposed execution and delivery in the case of a Supplemental Indenture to which reference is made in the Indenture, and (b) at least thirty (30) days (unless waived by the Borrower) before the giving of the notice of the proposed execution and delivery in the case of a Supplemental Indenture for which provision is made in the Indenture.

Release of Indenture

If (a) the Issuer shall pay all of the Outstanding Bonds, or shall cause them to be paid and discharged, or if there otherwise shall be paid to the Holders of the Outstanding Bonds, all Bond Service Charges due or to become due thereon, and (b) provision also shall be made for the payment of all other sums payable under the Indenture or under the Loan Agreement, the Bond Regulatory Agreement and the Note, then the Indenture shall cease, terminate and become null and void (except for those provisions surviving by as described below in the event the Bonds are deemed paid and discharged as described below), and the covenants, agreements and obligations of the Issuer under the Indenture shall be released, discharged and satisfied.

Thereupon, and subject to the provisions of the Indenture described below, if applicable,

(a) the Trustee shall release the Indenture (except for those provisions surviving as described under the heading “Survival of Certain Provisions” below in the event the Bonds are deemed paid and discharged pursuant to the Indenture), and shall execute and deliver to the Issuer any instruments or documents in writing as shall be requisite to evidence that release and discharge or as reasonably may be requested by the Issuer;

(b) the Trustee shall release and satisfy the Note and deliver such release and satisfaction to the Borrower; and

(c) the Trustee shall assign and deliver to the Issuer any property subject at the time to the lien of the Indenture which then may be in its possession, except amounts in the Bond Fund required (i) to be paid to the Borrower, or (ii) to be held by the Trustee for the payment of Bond Service Charges, as more specifically set forth in the Indenture.

Payment and Discharge of Bonds

All or any part of the Bonds shall be deemed to have been paid and discharged within the meaning of the Indenture, including without limitation the heading “Release of Indenture” above, if:

(a) the Trustee as paying agent shall have received, in trust for and irrevocably committed thereto, sufficient money, or

(b) the Trustee shall have received, (i) in trust for and irrevocably committed thereto, noncallable Government Obligations; (ii) certification in the form of a verification report by an Independent public accounting firm of national reputation to the effect that the Government Obligations have such maturities or redemption dates and interest payment dates, and bear such interest, as will be sufficient together with any money to which reference is made in subparagraph (a) above, without further investment or reinvestment of either the principal amount thereof or the interest earnings therefrom (which earnings are to be held likewise in trust and so committed, except as provided herein), for the payment of all Bond Service Charges on those Bonds at their maturity; and (iii) an Opinion of Bond Counsel to the effect that the conditions of this heading have been satisfied and, that upon the deposit of funds and Government Obligations as described in the verification report, the Bonds shall be no longer Outstanding.

Any money held by the Trustee in accordance with the provisions of this heading may be invested by the Trustee only in noncallable Government Obligations having maturity dates, or having redemption dates which, at the option of the Holder of those obligations, shall be not later than the date or dates at which money will be required for the purposes described above. To the extent that any income or interest earned by, or increment to, the investments held under this heading is determined from time to time by the Trustee to be in excess of the amount required to be held by the Trustee for the purposes of this heading, that income, interest or increment shall be transferred at the time of that determination in the manner provided in the Indenture for transfers of amounts remaining in the Bond Fund.

If any Bonds shall be deemed paid and discharged pursuant to this section, then within fifteen (15) days after such Bonds are so deemed paid and discharged the Trustee shall cause a written notice to be given to each Holder as shown on the Register on the date on which such Bonds are deemed paid and discharged. Such notice shall state the

numbers of the Bonds deemed paid and discharged or state that all Bonds are deemed paid and discharged, set forth a description of the obligations held pursuant to subparagraph (b) of the first paragraph of this heading.

Survival of Certain Provisions

Notwithstanding the foregoing, any provisions of the Bond Resolution and the Indenture which relate to the maturity of Bonds, interest payments and dates thereof, exchange, transfer and registration of Bonds, replacement of mutilated, destroyed, lost or stolen Bonds, the safekeeping and cancellation of Bonds, nonpresentment of Bonds, the holding of money in trust, and repayments to the Borrower from the Bond Fund, the rebate of money to the United States in accordance with the Indenture, and the rights and duties of the Trustee in connection with all of the foregoing, shall remain in effect and be binding upon the Trustee and the Holders notwithstanding the release and discharge of the Indenture. The provisions of this section shall survive the release, discharge and satisfaction of the Indenture. The obligations of the Borrower to pay the Trustee its fees and expenses Indenture shall survive the release, discharge and satisfaction of the Indenture.

Supremacy of FHA Mortgage Loan Documents and HUD Requirements

Notwithstanding other provisions in the Indenture, and so long as HUD or a successor or assign of HUD is the insurer or holder of the FHA Note, the following provisions shall apply:

(a) The Borrower, the Trustee and the Issuer acknowledge that the Indenture, and any obligations of Borrower thereunder, are subject and subordinate to the FHA Mortgage Loan Documents. The rights and obligations of the parties under the Indenture and all other documents evidencing, implementing, or securing the Indenture (collectively, the “Subordinate Bond Documents”) are and shall be subordinated in all respects to the FHA Mortgage Loan Documents.

(b) No obligation of the Borrower under the Indenture shall be payable except from: (1) Surplus Cash (as such term is defined in the HUD Regulatory Agreement and available pursuant to Program Obligations which may limit any payments to 75% of Surplus Cash), or (2) Non-Project sources, which consist of (i) funds that are not derived from (A) revenues of the Project or (B) any HUD-required reserve or deposit in connection with the FHA Loan, or (ii) the Trust Estate (collectively, “Non-Project Sources”). Enforcement of the covenants in the Indenture will not result in, and neither the Issuer, Trustee or Bondholder has or shall be entitled to assert, any claim against the Project, any HUD-required reserves or deposits in connection with the FHA Loan, the proceeds of the FHA Note, the assets of the Borrower, or rents, deposits or other income of the Project or Eligible Funds delivered by the FHA Lender to the Trustee for deposit into the Collateral Fund (to the extent the Trustee has not disbursed an equal amount of Bond proceeds from the Project Fund as provided in the Loan Agreement).

(c) In the event of any conflict between the provisions of (i) the Indenture or the Subordinate Bond Documents, and (ii) the FHA Mortgage Loan Documents, Program Obligations (as defined in the FHA Lender Mortgage), and/or GNMA statutory, regulatory or administrative requirements (collectively, “HUD Documents & Requirements”), the provisions of the HUD Documents & Requirements shall control. If there is any inconsistency or ambiguity between the Indenture or the Subordinate Bond Documents, and the HUD Documents & Requirements, such inconsistency or ambiguity shall be interpreted in favor of and in a manner which is consistent with the HUD Documents & Requirements. The provisions of this Section shall control over any inconsistent provisions in the Indenture or the Subordinate Bond Documents.

(d) Any subsequent amendment to the Indenture is subject to prior written approval of FHA Lender, HUD, and/or FHA, as applicable. No amendment to the Indenture shall conflict with the provisions of the FHA Mortgage Loan Documents.

(e) The Bonds are not a debt of the United States of America, HUD, FHA, GNMA or any other agency or instrumentality of the federal government, and are not guaranteed by the full faith and credit of the United States or any agency or instrumentality thereof.

(f) There is no pledge under the Indenture of the gross revenues or any of the assets of the Project.

(g) A default under the Indenture shall not constitute a default under the FHA Mortgage Loan Documents.

(h) Nothing contained in the Indenture shall inhibit or impair the right of HUD to require or agree to any amendment, change or modification of any FHA Mortgage Loan Documents.

(i) Proceeds from any condemnation award or from the payment of a claim under any hazard insurance policy relating to the Project will not be payable to the Trustee, but will be payable in accordance with the FHA Mortgage Loan Documents.

(j) Any indemnification by the Borrower shall be solely from Surplus Cash or the proceeds of an insurance policy.

(k) In no event shall HUD have any claim to or lien upon the Trust Estate under the Indenture and funds held by the Trustee under the Indenture and pledged to secure the repayment of the Bonds. Further, nothing in the Indenture shall restrict the rights of Bondholders and obligations of the Trustee thereunder as they relate to the Bonds and the rights of Bondholders and obligations of the Trustee therein are not subordinated.

(l) Nothing contained in the Indenture or in the Loan Agreement shall require the FHA Lender to take any actions to preserve the tax exemption of the interest on the Bonds or the availability of the low-income housing tax credits for the Project (the "Tax Credits"), or prohibits the FHA Lender from taking any action that might jeopardize the tax-exemption of the interest on the Bonds or the availability of the Tax Credits, except in strict accordance with the National Housing Act, applicable mortgage insurance regulations, the FHA Loan Documents, or, if applicable, Section 8 of the U.S. Housing Act of 1937 and the regulations thereunder.

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APPENDIX C

SUMMARY OF CERTAIN PROVISIONS OF THE LOAN AGREEMENT

The following is a summary of certain provisions of the Loan Agreement. The summary does not purport to be complete or definitive and is qualified in its entirety by reference to the Loan Agreement, a copy of which is on file with the Trustee.

The Loan

The Issuer agrees, upon the terms and conditions of the Loan Agreement, to make the Loan to the Borrower with the proceeds received by the Issuer from the sale of the Bonds by causing such proceeds to be deposited with the Trustee for disposition as provided in the Indenture. The obligation of the Issuer to fund the Loan shall be deemed fully discharged, and the principal amount of the Bonds shall be deemed fully advanced to the Borrower under the Note, upon the deposit of the proceeds of the Bonds with the Trustee. The Loan shall be evidenced by the Note payable to the Trustee.

FHA Mortgage Loan to Borrower

To provide and secure funds for the repayment of the Loan, and to provide for the delivery of certain Eligible Funds, the Borrower shall simultaneously with the execution and delivery of the Loan Agreement, proceed with obtaining the FHA Mortgage Loan from the FHA Lender and entering into the Disbursement Agreement. In particular, the Borrower will promptly take all necessary actions on its part to close the FHA Mortgage Loan and to satisfy all other terms and conditions of the FHA Commitment and the requirements of the FHA Lender.

The Borrower represents that the FHA Mortgage Loan is to be insured by FHA pursuant to and in accordance with the provisions of Section 207 pursuant to Section 223(f) of the National Housing Act and applicable regulations thereunder, and that the FHA Mortgage Loan will be in the maximum original principal amount of \$7,000,000*. The FHA Mortgage Loan will be secured on a non-recourse basis pursuant to the FHA Mortgage Loan Documents.

In connection with the FHA Mortgage Loan, the Borrower shall execute and deliver such documents as may be customarily utilized for insured mortgage loans under the provisions of Section 207 pursuant to Section 223(f) of the National Housing Act and applicable regulations thereunder, with such omissions, insertions and variations as may be permitted by such regulations and as may be consistent with the terms and provisions of the Loan Agreement.

The Borrower shall cause the FHA Lender to deliver to the Trustee certain Eligible Funds in an aggregate amount at least equal to the par amount of Bonds issued under the Indenture pursuant to the Loan Agreement for deposit into the Collateral Fund to enable the Trustee to disburse an equal amount of Bond proceeds from the Project Fund as approved by the FHA Lender in connection with a completed and fully executed disbursement request in the form attached to the Loan Agreement.

Disbursements from the Project Fund

Subject to the provisions below, disbursements from the Project Fund shall be made only to pay any of the following Project Costs:

- (a) Costs incurred directly or indirectly for or in connection with the acquisition, rehabilitation, improvement and equipping of the Project, including costs incurred in respect of the Project for preliminary planning and studies; architectural, legal, engineering, accounting, consulting, supervisory and other services; labor, services and materials; and recording of documents and title work.

* Preliminary, subject to change

(b) Premiums attributable to any surety bonds and insurance required to be taken out and maintained during the rehabilitation period with respect to the Project.

(c) Taxes, assessments and other governmental charges in respect of the Project that may become due and payable during the rehabilitation period.

(d) Costs incurred directly or indirectly in seeking to enforce any remedy against any contractor or subcontractor in respect of any actual or claimed default under any contract relating to the Project.

(e) Subject to the limitations set forth in the Tax Certificate and Agreement, Costs of Issuance of the Bonds, including, financial, legal, accounting, printing and engraving fees, charges and expenses, and all other such fees, charges and expenses incurred in connection with the authorization, sale, issuance and delivery of the Bonds, including, without limitation, the fees and expenses of the Trustee properly incurred under the Indenture that may become due and payable during the rehabilitation period.

(f) Any other costs, expenses, fees and charges properly chargeable to the cost of acquisition, rehabilitation, improvement and equipping of the Project.

(g) Payment of interest on the Bonds.

(h) Payments to the Rebate Fund.

Any disbursement from the Project Fund for the payment of Project Costs shall be made by the Trustee only upon satisfaction of all of the following conditions:

(i) The receipt by the Trustee of notice and instruction of a completed disbursement request (a "Disbursement Request") in the form attached to the Loan Agreement, signed by an Authorized Borrower Representative and approved by the FHA Lender, providing the amount of the disbursement request (a "Disbursement Amount") and the expected date of disbursement (a "Disbursement Date").

(ii) Promptly upon receipt of a completed and fully-executed Disbursement Request, the Trustee will confirm in writing to the FHA Lender (A) the Disbursement Amount, (B) that the account balance of the Collateral Fund plus the account balance of the Project Fund will be at least equal to the then-outstanding principal amount of the Bonds after such disbursement and (C) whether the Trustee has actual knowledge that an Event of Default (as determined in accordance with the Indenture) or a Determination of Taxability has occurred. If an Event of Default or a Determination of Taxability has occurred to the knowledge of the Trustee, the Trustee shall make no further disbursements from the Project Fund so long as such Event of Default or Determination of Taxability continues to exist except in accordance with the Indenture.

(iii) Upon receipt of confirmation from the Trustee of the matters described in clause (ii) above and on or before the expected Disbursement Date, the FHA Lender will transfer to the Trustee, by immediately available funds, certain Eligible Funds equal to the Disbursement Amount, as indicated in the related Disbursement Request, in order to enable the Trustee to disburse funds from the Project Fund on the expected Disbursement Date.

(iv) Upon receipt by the Trustee from the FHA Lender of certain Eligible Funds in an amount equal to the Disbursement Amount, as indicated in the related Disbursement Request, such Eligible Funds shall be deposited into the Collateral Fund as provided in the Loan Agreement. In the event that the amount of the Eligible Funds received by the Trustee (in the aggregate or individually if indicated to be funded from more than one source in the Disbursement Request) does not equal the total amount of the Disbursement Request, the Trustee shall promptly return such Eligible Funds to the FHA Lender.

(v) Upon satisfaction of the conditions set forth in clauses (i) through (iv) above, the Trustee shall be unconditionally and irrevocably obligated to disburse funds from the Project Fund in accordance with the Disbursement Request. If any conditions are not met, such Eligible Funds must be wired back to the FHA Lender. The Trustee shall disburse funds from the Project Fund in accordance with the instructions contained in the Disbursement Request (A) on the same Business Day that it receives Eligible Funds in the event the Trustee receives Eligible Funds with respect to such Disbursement Request prior to 1:00 PM Local Time on such Business Day or (B) on the next succeeding Business Day if the Trustee receives Eligible Funds after 1:00 PM Local Time. If for any reason the Trustee is not able to disburse a corresponding amount of Bond proceeds immediately following receipt of Eligible Funds from the FHA Lender for deposit into the Collateral Fund, the Trustee shall promptly wire transfer such Eligible Funds back to the FHA Lender and not deposit the same into the Collateral Fund.

The Borrower acknowledges and agrees that it shall submit disbursement requests to the Trustee no more frequently than once each calendar month. Each such disbursement request shall be consecutively numbered. Proceeds of the Bonds disbursed pursuant to the provisions of the Loan Agreement may only be used to pay those Project Costs identified in the Sources and Uses of Funds attached as an exhibit to the Loan Agreement, as it may be amended pursuant to the agreement of FHA, the FHA Lender and the Borrower.

The Borrower's right to request disbursements from the Project Fund is limited to the principal amount of the Loan.

The Borrower agrees that it will not request disbursement for any item not described in, or the cost for which item is other than as described in, the notice of public hearing pertaining to the Bonds unless the Borrower provides to the FHA Lender, with a copy to the Trustee and the Issuer, an Opinion of Bond Counsel to the effect that such disbursement will not adversely affect the Federal Tax Status of the Bonds.

Any money in the Project Fund remaining after the Completion Date and payment, or provision for payment, in full of the Project Costs, at the written direction of the Authorized Borrower Representative, shall promptly be paid into the Bond Fund for payment of Bond Service Charges and, following payment of all such Bond Service Charges, shall promptly be paid to the Costs of Issuance Fund, the Rebate Fund or the Expense Fund or used to pay Additional Payments, as maybe directed in writing by the Borrower.

Notwithstanding any provision of the Loan Agreement or any provision of the Indenture to the contrary, the Trustee shall not disburse funds from the Project Fund unless and until the Trustee confirms that the account balance of the Collateral Fund plus the account balance of the Project Fund, less the amount of the requested disbursement from the Project Fund, is at least equal to then-outstanding principal amount of the Bonds.

Disbursement Agreement

The Borrower shall execute the Disbursement Agreement to coordinate the funding of a portion of the Project Costs with proceeds of the Bonds by directing, among other things, the FHA Lender, to deliver to the Trustee certain Eligible Funds in exchange for an equal amount of Bond proceeds to be disbursed from the Project Fund, representing all or a portion of the advances under the FHA Mortgage Loan under the Indenture pursuant to and consistent with the Loan Agreement and the Indenture.

Borrower Required to Pay Costs in Event Project Fund Insufficient

If money in the Project Fund is not sufficient to pay all Project Costs, the Borrower, nonetheless, will complete the Project in accordance with the Plans and Specifications and shall pay all such additional Project Costs from its own funds. The Borrower shall pay all Costs of Issuance of the Bonds in excess of the amount permitted by the Tax Certificate and Agreement. The Borrower shall not be entitled to any reimbursement for any such additional Project Costs or payment of Costs of Issuance from the Issuer, the Trustee or any Holder; nor shall it be entitled to any abatement, diminution or postponement of any Loan Payments or other amounts to be paid under the Loan Agreement.

Completion Date

The Borrower shall notify the Issuer and the Trustee of the Completion Date by the delivery of a Completion Certificate signed by the Authorized Borrower Representative substantially in the form attached to the Loan Agreement. The Completion Certificate shall be delivered as promptly as practicable after the occurrence of the events and conditions referred to in paragraphs (a), (b) and (d) of the Completion Certificate and an accountant's determination has been made that the representations contained therein are true and correct.

Loan Repayment; Delivery of Note

In consideration of and in repayment of the Loan, the Borrower shall deliver or cause to be delivered to the Trustee on or before each Bond Payment Date, Loan Payments, equal to the amount necessary to pay interest on and principal of the Bonds due on the next Bond Payment Date. All such Loan Payments shall be paid to the Trustee in accordance with the terms of the Note for the account of the Issuer and shall be held and disbursed in accordance with the provisions of the Indenture and the Loan Agreement.

The Borrower shall be entitled to a credit against the Loan Payments required to be made with respect to the Bonds on any date equal to the available money in the Bond Fund or transferred thereto from the Collateral Fund or the Project Fund for the payment of Bond Service Charges on that date.

To secure the Borrower's performance of its obligations under the Loan Agreement, the Borrower shall execute and deliver, concurrently with the issuance and delivery of the Bonds, the Note and the Bond Regulatory Agreement.

The Note shall secure equally and ratably all Outstanding Bonds, except that, so long as no Event of Default has occurred and is subsisting under the Loan Agreement, payments by the Borrower on the Note shall be used by the Trustee to make a like payment of Bond Service Charges and shall constitute Loan Payments.

Upon payment in full, in accordance with the Indenture, of the Bond Service Charges on any or all Bonds, whether at maturity or otherwise, or upon provision for the payment thereof having been made in accordance with the provisions of the Indenture, (a) the Note shall be deemed fully paid, the obligations of the Borrower thereunder shall be terminated, and the Note shall be surrendered by the Trustee to the Borrower, and shall be canceled by the Borrower, or (b) an appropriate notation shall be endorsed thereon evidencing the date and amount of the principal payment (or prepayment) equal to the Bonds so paid, or with respect to which provision for payment has been made, and that Note shall be surrendered by the Trustee to the Borrower for cancellation if all Bonds shall have been paid (or provision made therefor) and canceled as aforesaid. Unless the Borrower is entitled to a credit under express terms of the Loan Agreement or the Note, all payments on the Note shall be in the full amount required thereunder.

Eligible Funds to Trustee

In consideration of and as a condition to the disbursement of Bond proceeds in the Project Fund to pay Project Costs, and to secure the Borrower's obligation to make Loan Payments, the Borrower shall direct the FHA Lender, pursuant to the Disbursement Agreement, to deliver or cause to be delivered to the Trustee on or before each such disbursement certain Eligible Funds equal to the amount of the proposed disbursement from the Project Fund. All such amounts shall be delivered to the Trustee for the account of the Issuer and shall be held in the Collateral Fund and disbursed in accordance with the provisions of the Indenture. Upon receipt of Eligible Funds and satisfaction of the other conditions set forth in the Loan Agreement, the Trustee shall be unconditionally and irrevocably obligated to disburse an equal amount of funds in the Project Fund to, or at the direction of, the FHA Lender, as provided in the Loan Agreement. In no event may funds held in the Collateral Fund be used to pay Project Costs.

Additional Payments

The Borrower shall pay as Additional Payments under the Loan Agreement the following:

(a) Whether out of the proceeds of the FHA Mortgage Loan or other funds, all Costs of Issuance of the Bonds, the costs of obtaining the FHA Insurance and all expenses incurred in closing the Mortgage Loan.

(b) All Extension Payments and other sums required under the Indenture in order to revise or extend the Mandatory Tender Date or remarket the Bonds, and the Borrower further agrees to execute any and all certificates required by the Issuer, the Trustee or the Remarketing Agent in order to effectuate such revision, extension or remarketing.

(c) To the Trustee, (i) the Ordinary Trustee Fees and Expenses to the extent that the funds available in the Expense Fund for the payment thereof are not sufficient and available therefor and (ii) the Extraordinary Trustee Fees and Expenses.

(d) To the Issuer (i) the Ordinary Issuer Fees to the extent that the funds available under the Indenture for the payment thereof are not sufficient and available therefor and (ii) the Extraordinary Issuer Fees and Expenses.

(e) All costs of printing any replacement Bonds required to be issued under the Indenture to the extent such costs are not paid by the Holders.

(f) To the extent not paid by the Trustee from the Expense Fund, all of the fees and expenses of the Rebate Analyst (including, but not limited to, the Rebate Analyst Fee) and any other necessary consultant employed by the Borrower, the Trustee or the Issuer in connection with any of the requirements imposed by the Indenture and the Tax Certificate and Agreement to the extent that the funds available under the Indenture for the payment thereof are not sufficient and available therefor. The Borrower shall provide or cause to be provided all information and money (including money necessary to make deposits to the Rebate Fund required by the Indenture and the Tax Certificate and Agreement and the fees and expenses of the Rebate Analyst to the extent available money in the Bond Fund under the Indenture are inadequate to pay such amounts) to the Trustee and the Rebate Analyst to enable the Trustee and the Rebate Analyst to comply with the Indenture and the Tax Certificate and Agreement.

(g) To the Dissemination Agent, the Dissemination Agent Fee to the extent the funds available in the Expense Fund are not sufficient and available therefore, as well as any other costs and expenses in order to provide for compliance with the terms of the Continuing Disclosure Agreement.

(h) To the Remarketing Agent, the Remarketing Agent Fee and any Remarketing Expenses.

In the event the Borrower is in default under any provision of any of the Borrower Documents, the Borrower shall be liable to, and upon demand shall pay to, the Issuer, the Trustee and the FHA Lender all reasonable fees and disbursements of such persons and their agents (including attorneys' fees and expenses) which are reasonably connected therewith or incidental thereto except to the extent such fees and disbursements are paid from money available therefor under the Indenture.

To provide for certain of the anticipated Additional Payments, the Borrower agrees to cause Eligible Funds to be deposited into the Expense Fund and the Costs of Issuance Fund the amounts required under the Indenture, and authorizes the Trustee to pay, from money on deposit in the Costs of Issuance Fund and the Expense Fund, the amounts provided to be paid from the Costs of Issuance Fund or the Expense Fund in accordance with the Indenture. All such amounts shall be paid directly to the parties entitled thereto for their own account as and when such amounts become due and payable.

Upon the payment, prepayment, or incurrence of any such cost, expense, or liability described in this section by any such party, the Additional Payments in respect thereof shall be payable upon written demand to the Borrower, which demand shall be accompanied by invoices or other appropriate documentation concerning the nature, amount and incurrence of such cost, expense or liability. If the Additional Payments payable under this section are not paid upon such demand, such Additional Payments shall bear interest from the date of such payment or the incurrence thereof at the Interest Rate for Advances until the amount due shall have been fully paid.

The obligations of the Borrower under this section shall survive the termination of the Loan Agreement and the payment and performance of all of the other obligations of the Borrower under the Loan Agreement and the other Borrower Documents, including the Tax Certificate and Agreement.

Optional Prepayment

Provided no Event of Default shall have occurred and be continuing, at any time and from time to time, the Borrower may deliver money to the Trustee in addition to Loan Payments or Additional Payments required to be made as a prepayment, in whole or in part, of the Loan and direct the Trustee to use the money so delivered for the purpose of purchasing Bonds, in accordance with the Indenture. Pending application for those purposes, any money so delivered shall be held by the Trustee in a special account in the Bond Fund and delivery of such money shall not operate to abate or postpone Loan Payments or Additional Payments otherwise becoming due or to alter or suspend any other obligations of the Borrower under the Loan Agreement.

Borrower's Obligations Upon Tender of Bonds

If any Tendered Bond is not remarketed on any Mandatory Tender Date and a sufficient amount is not available in the Collateral Fund, the Negative Arbitrage Account of the Bond Fund and the Project Fund as provided in the Indenture for the purpose of paying the purchase price of such Bond, the Borrower will cause to be paid to the Trustee by the applicable times provided in the Indenture, an amount equal to the amount by which the principal amount of all Bonds tendered and not remarketed, together with interest accrued to the Mandatory Tender Date, exceeds the amount otherwise available pursuant to the Indenture.

Option to Terminate

The Borrower shall have the option to cancel or terminate the Loan Agreement at any time when (a) the Indenture shall have been released in accordance with its provisions, and (b) sufficient money or security acceptable to the Issuer and the Trustee are on deposit with the Trustee or the Issuer, or both, to meet all Loan Payments and Additional Payments due or to become due through the date on which the last of the Bonds is then scheduled to be retired or redeemed, or, with respect to Additional Payments to become due, provisions satisfactory to the Trustee and the Issuer are made for paying such amounts as they come due. Such option shall be exercised by the Authorized Borrower Representative, on behalf of the Borrower, giving the Issuer and the Trustee five (5) days' notice in writing of such cancellation or termination and such cancellation or termination shall become effective at the end of such notice period. The provisions of this section shall not be deemed to permit a prepayment of the Note other than in accordance with its terms.

Events of Default

Each of the following shall be an Event of Default under the Loan Agreement:

(a) The Borrower shall fail to pay any Loan Payment on or prior to the date on which that Loan Payment is due and payable to the extent amounts on deposit in the Bond Fund, including amounts transferred from the Collateral Fund and the Project Fund are insufficient to pay the Bond Service Charges due on the next Bond Payment Date;

(b) The Borrower shall fail to observe and perform any other agreement, term or condition contained in the Loan Agreement or any other Financing Document and the continuation of such failure for a period of thirty (30) days after written notice thereof shall have been given to the Borrower and the Investor Limited Partner by the Issuer or the Trustee, or for such longer period as the Issuer and the Trustee may agree to in writing; provided, that if the failure is other than the payment of money and is of such nature that it can be corrected but not within the applicable period, that failure shall not constitute an Event of Default so long as the Borrower institutes curative action within the applicable period and diligently pursues that action to completion, which must be resolved within 180 days after the aforementioned notice;

(c) The Borrower shall: (i) admit in writing its inability to pay its debts generally as they become due; (ii) have an order for relief entered in any case commenced by or against it under the federal bankruptcy laws, as now or hereafter in effect, which is not dismissed within ninety (90) days; (iii) commence a proceeding under any other federal or state bankruptcy, insolvency, reorganization or similar law, or have such a proceeding commenced against it and either have an order of insolvency or reorganization entered against it or have the proceeding remain undismissed and unstayed for ninety days; (iv) make an assignment for the benefit of creditors; or (v) have a receiver or trustee appointed for it or for the whole or any substantial part of its property which appointment is not vacated within a period of ninety (90) days;

(d) Any representation or warranty made by the Borrower in the Loan Agreement or any statement in any report, certificate, financial statement or other instrument furnished in connection with the Loan Agreement or with the purchase of the Bonds shall at any time prove to have been false or misleading in any adverse material respect when made or given; and

(e) There shall occur an “Event of Default” (as defined in the Indenture) by the Borrower or an event of default beyond applicable notice and cure periods under the Bond Regulatory Agreement.

Notwithstanding the foregoing, if, by reason of Force Majeure, the Borrower is unable to perform or observe any agreement, term or condition of the Loan Agreement which would give rise to an Event of Default under subsection (b) above, the Borrower shall not be deemed in default during the continuance of such inability. However, the Borrower shall promptly give written notice to the Trustee and the Issuer of the existence of an event of Force Majeure and shall use commercially reasonable efforts to remove the effects thereof; provided that the settlement of strikes or other industrial disturbances shall be entirely within its discretion.

The term Force Majeure shall mean, without limitation, the following:

(1) acts of God; strikes, lockouts or other industrial disturbances; acts of terrorism or of public enemies; orders or restraints of any kind of the government of the United States of America or of the State or any of their departments, agencies, political subdivisions or officials, or any civil or military authority; insurrections; civil disturbances; riots; epidemics; pandemics; landslides; lightning; earthquakes; fires; hurricanes; tornados; storms; droughts; floods; arrests; restraint of government and people; explosions; breakage, malfunction or accident to facilities, machinery, transmission pipes or canals; partial or entire failure of utilities; shortages of labor, materials, supplies or transportation; or

(2) any cause, circumstance or event not reasonably within the control of the Borrower.

The declaration of an Event of Default under subsection (c) above, and the exercise of remedies upon any such declaration, shall be subject to any applicable limitations of federal bankruptcy law affecting or precluding that declaration or exercise during the pendency of or immediately following any bankruptcy, liquidation or reorganization proceedings.

Remedies on Default

Whenever an Event of Default shall have happened and be subsisting, any one or more of the following remedial steps may be taken:

(a) If acceleration of the principal amount of the Bonds has been declared pursuant to the Indenture, the Trustee shall declare all Loan Payments to be due and payable together until any other amounts payable by the Borrower under the Loan Agreement and the Note whereupon the same shall become immediately due and payable;

(b) The Trustee may exercise any or all or any combination of the remedies specified in the Loan Agreement or any other Financing Document;

(c) The Issuer or the Trustee may have access to, inspect, examine and make copies of the books, records, accounts and financial data of the Borrower pertaining to the Project; or

(d) The Issuer or the Trustee may pursue all remedies now or hereafter existing at law or in equity to collect all amounts then due and thereafter to become due under the Loan Agreement and the Bond Regulatory Agreement and the Note or to enforce the performance and observance of any other obligation or agreement of the Borrower under those instruments.

Notwithstanding the foregoing, neither the Issuer nor the Trustee shall be obligated to take any step which in its opinion will or might cause it to expend time or money or otherwise incur liability unless and until a satisfactory indemnity bond has been furnished to the Issuer or the Trustee at no cost or expense to the Issuer or the Trustee. Any amounts collected as Loan Payments or applicable to Loan Payment and any other amounts which would be applicable to payment of Bond Service Charges collected pursuant to action taken under this section shall be paid into the Bond Fund and applied in accordance with the provisions of the Indenture or, if the Outstanding Bonds have been paid and discharged in accordance with the provisions of the Indenture, shall be paid as provided in the Indenture for transfers of remaining amounts in the Bond Fund.

The provisions of this section are subject to the further limitation that the rescission by the Trustee of its declaration that all of the Bonds are immediately due and payable also shall constitute an annulment of any corresponding declaration made pursuant to paragraph (a) of this section and a waiver and rescission of the consequences of that declaration and of the Event of Default with respect to which that declaration has been made, provided that no such waiver or rescission shall extend to or affect any subsequent or other default or impair any right consequent thereon.

No Remedy Exclusive

No remedy conferred upon or reserved to the Issuer or the Trustee by the Loan Agreement is intended to be exclusive of any other available remedy or remedies, but each and every such remedy shall be cumulative and shall be in addition to every other remedy given under the Loan Agreement, the Bond Regulatory Agreement or the Note, or now or hereafter existing at law, in equity or by statute. No delay or omission to exercise any right or power accruing upon any default shall impair that right or power or shall be construed to be a waiver thereof, but any such right and power may be exercised from time to time and as often as may be deemed expedient. In order to entitle the Issuer or the Trustee to exercise any remedy reserved to it in this article, it shall not be necessary to give any notice, other than any notice required by law or for which express provision is made in the Loan Agreement.

No Waiver

No failure by the Issuer or the Trustee to insist upon the strict performance by the Borrower of any provision of the Loan Agreement shall constitute a waiver of their right to strict performance and no express waiver shall be deemed to apply to any other existing or subsequent right to remedy the failure by the Borrower to observe or comply with any provision of the Loan Agreement.

Supremacy of FHA Mortgage Loan Documents and HUD Requirements

Notwithstanding other provisions in the Loan Agreement, and so long as HUD or a successor or assign of HUD is the insurer or holder of the FHA Note, the following provisions shall apply:

(a) The Borrower, the Trustee and the Issuer acknowledge that the Loan Agreement, and any obligations of Borrower thereunder, are subject and subordinate to the FHA Mortgage Loan Documents. The rights and obligations of the parties under the Indenture and all other documents evidencing, implementing, or securing the Loan Agreement (collectively, the "Subordinate Bond Documents") are and shall be subordinated in all respects to the FHA Mortgage Loan Documents.

(b) No obligation of the Borrower under the Loan Agreement shall be payable except from: (1) Surplus Cash (as such term is defined in the HUD Regulatory Agreement and available pursuant to Program Obligations which

may limit any payments to 75% of Surplus Cash), or (2) Non-Project sources, which consist of (i) funds that are not derived from: (A) revenues of the Project or, (B) any HUD-required reserve or deposit in connection with the FHA Loan, or (ii) the Trust Estate (collectively, “Non-Project Sources”). Enforcement of the covenants in the Loan Agreement will not result in, and neither the Issuer, the Trustee or the Bondholder has or shall be entitled to assert, any claim against the Project, any HUD-required reserves or deposits in connection with the FHA Loan, the proceeds of the FHA Note, the assets of the Borrower, or rents, deposits or other income of the Project or Eligible Funds delivered by the FHA Lender to the Trustee for deposit into the Collateral Fund (to the extent the Trustee has not disbursed an equal amount of Bond proceeds from the Project Fund as provided in the Loan Agreement).

(c) In the event of any conflict between the provisions of (i) the Loan Agreement or the Subordinate Bond Documents, and (ii) the FHA Mortgage Loan Documents, Program Obligations (as defined in the FHA Lender Mortgage), and/or GNMA statutory, regulatory or administrative requirements (collectively, “HUD Documents & Requirements”), the provisions of the HUD Documents & Requirements shall control. If there is any inconsistency or ambiguity between the Loan Agreement or the Subordinate Bond Documents, and the HUD Documents & Requirements, such inconsistency or ambiguity shall be interpreted in favor of and in a manner which is consistent with the HUD Documents & Requirements. The provisions of this Section shall control over any inconsistent provisions in the Loan Agreement or the Subordinate Bond Documents.

(d) Any subsequent amendment to the Loan Agreement is subject to prior written approval of FHA Lender, HUD and/or FHA, as applicable. No amendment to the Loan Agreement shall conflict with the provisions of the FHA Mortgage Loan Documents.

(e) The Bonds are not a debt of the United States of America, HUD, FHA, GNMA or any other agency or instrumentality of the federal government, and are not guaranteed by the full faith and credit of the United States or any agency or instrumentality thereof.

(f) There is no pledge under the Loan Agreement of the gross revenues or any of the assets of the Project.

(g) A default under the Loan Agreement shall not constitute a default under the FHA Mortgage Loan Documents.

(h) Nothing contained in the Loan Agreement shall inhibit or impair the right of HUD to require or agree to any amendment, change or modification of any FHA Mortgage Loan Documents.

(i) Proceeds from any condemnation award or from the payment of a claim under any hazard insurance policy relating to the Project will not be payable to the Trustee, but will be payable in accordance with the FHA Mortgage Loan Documents.

(j) Any indemnification by the Borrower shall be solely from Surplus Cash or the proceeds of an insurance policy.

(k) In no event shall HUD have any claim to or lien upon the Trust Estate under the Indenture and funds held by the Trustee under the Indenture and pledged to secure the repayment of the Bonds. Further, nothing in the Loan Agreement shall restrict the rights of Bondholders and obligations of the Trustee thereunder as they relate to the Bonds and the rights of Bondholders and obligations of the Trustee therein are not subordinated.

(l) Nothing contained in the Loan Agreement shall require the FHA Lender to take any actions to preserve the tax exemption of the interest on the Bonds or the availability of the low-income housing tax credits for the Project (the “Tax Credits”), or prohibits the FHA Lender from taking any action that might jeopardize the tax-exemption of the interest on the Bonds or the availability of the Tax Credits, except in strict accordance with the National Housing Act, applicable mortgage insurance regulations, the FHA Loan Documents, or, if applicable, Section 8 of the U.S. Housing Act of 1937 and the regulations thereunder.

APPENDIX D

SUMMARY OF CERTAIN PROVISIONS OF THE BOND REGULATORY AGREEMENT

The following is a brief summary of certain provisions of the Bond Regulatory Agreement. The following summary does not purport to be complete or definitive and is subject to all the terms and provisions of the Bond Regulatory Agreement, to which reference is hereby made and copies of which are available from the Trustee.

[Occupancy Qualifications Based on Income

Limited, Special Obligation Bonds - Program Restrictions. Forty percent (40%) of the units (excluding units for resident managers and maintenance personnel, if any) in the Project (61 units) shall be occupied or held available for occupancy on a continuous basis by individuals or families whose incomes do not exceed the sixty percent (60%) of area median gross income limit with respect to a project financed pursuant to Section 142(d) (the “Section 142(d) 60% Limit”) of the Internal Revenue Code of 1986, as amended (the “Code”). For purposes of the Borrower satisfying the foregoing requirement, the income of individuals and families and median gross income shall be determined in a manner consistent with determinations of lower income families and median gross income as determined by the U.S. Department of Housing and Urban Development (and any successor agency) (“HUD”) under Section 8 of the United States Housing Act of 1937, as amended (with adjustments for family size), except that the percentage of median gross income which qualifies as low or moderate income shall be sixty percent (60%).

These occupancy qualifications shall remain in effect for the Project for the longer of (i) so long as the Bonds remain outstanding or (ii) the Qualified Project Period (as defined below). With respect to the occupancy of the units, household income shall be determined pursuant to regulations to be issued by the Secretary of the Treasury, in a manner consistent with determinations of lower income families and area median gross income under Section 8 of the U.S. Housing Act of 1937, as amended (the “Section 8 Program”; and, if the Section 8 Program is terminated, under the Section 8 Program regulations as in effect immediately before termination). Until the Secretary of the Treasury publishes these regulations, the income of individuals shall be determined in accordance with the Section 8 Program regulations.

General Compliance. Notwithstanding any other provision of the Bond Regulatory Agreement, the Borrower covenants and agrees that it shall operate the Project in such a manner so as to comply with (i) the Act and the rules and regulations of the Issuer, (ii) all provisions of the Code that may affect the exclusion of interest on the Bonds from gross income for federal income tax purposes under Section 103 of the Code and (iii) any other provisions of federal, state or local law or regulation that may be applicable to the Project, including any applicable income and occupancy restrictions and the certain provisions of the Loan Agreement.

Determination of Eligibility. The Borrower shall be responsible for the determination of eligibility of persons and families and for the selection from among those determined to be eligible, and shall further be responsible for assuring that tenants have certified total household income and size and student status of each tenant to the Borrower, on forms prescribed or approved by the Issuer. The Borrower must obtain written evidence substantiating the information given on all certifications of income and will retain such evidence in its files for the period prescribed by the Bond Regulatory Agreement. The Borrower must make a determination at least annually on the basis of each tenant’s then-current income and family size. The Borrower shall furnish to the Issuer, on an annual basis or more frequently if required in writing by the Issuer in order to ensure compliance with the Bond Regulatory Agreement, a certification by the Borrower documenting the annual tenant certifications provided in accordance with this section, along with verification documentation (if requested by the Issuer). The Borrower shall also furnish any reports or other documentation that the Issuer reasonably determines are necessary to establish compliance with the Bond Regulatory Agreement and the Code.

Restrictions During Qualified Project Period

The Borrower further covenants and agrees that, throughout the Qualified Project Period, as defined below and in Section 142(d)(2) of the Code:

Rental Requirement. Once available for occupancy, the units in the Project shall be rented or available for rental on a continuous basis to members of the general public who are natural persons, on a first-come first-served basis, and may not be converted to condominium, owner-occupied or other non-rental use until the end of the applicable Qualified Project Period. The Qualified Project Period for the Project is the period beginning on the first day on which ten percent (10%) of the units of the Project are occupied, and ending on the latest of:

- i. the date which is fifteen (15) years after the date on which at least fifty percent (50%) of the units in the Project are occupied;
- ii. the first day on which no tax-exempt private activity bond issued with respect to the Project is outstanding; or
- iii. the date on which any assistance provided with respect to the Project under the Section 8 Program terminates.

Qualified Residential Rental Project. The Borrower will maintain the Project as a qualified residential rental project described in Section 142(d) of the Code consisting of one or more buildings, together with any functionally related and subordinate facilities, containing one or more similarly constructed units that (i) meet the other requirements set forth in the Bond Regulatory Agreement and in the Loan Agreement and the Tax Certificate and Agreement with respect to the Bonds and the Project dated the date of the Bond Regulatory Agreement and made and executed by the Issuer and the Borrower (the “Tax Certificate and Agreement”), including the Borrower Tax Certification delivered to the Issuer with respect to the Bonds and the Project and attached to the Tax Certificate and Agreement (the “Borrower Tax Certification”), and (ii) that are available to members of the general public. For purposes of this subparagraph, the term “functionally related and subordinate facilities” includes facilities for use by the tenants, e.g. swimming pools, other recreational facilities, parking areas, and other facilities which are reasonably required for the multifamily rental housing units, heating and cooling equipment, trash disposal equipment and units for resident managers and maintenance personnel. Substantially all of the Project will contain such units and functionally related and subordinate facilities, all of which will be located on the Property. Each unit of the Project will be suitable for occupancy and consist of an accommodation containing separate and complete facilities for living, sleeping, eating, cooking, and sanitation. The Project will not be used as a hotel, motel, dormitory, fraternity or sorority house, rooming house, hospital, nursing home, sanitarium, rest home, or trailer park or court, or for any use on a transient basis.

Low or Moderate Income Occupancy Requirement. The minimum set-aside requirements of the Code applicable to the Project and elected by the Issuer will be maintained, namely, at least forty percent (40%) of the units in the Project shall be occupied or held available for occupancy by individuals or families whose incomes are lower than the Section 142(d) 60% Limit, adjusted for family size. The incomes of individuals and families, their eligibility and area median gross income shall be determined as indicated in the Bond Regulatory Agreement.

Tenant Failure to Certify; Fraud. If a tenant residing in a unit of the Project fails to provide the Borrower with certifications and documentation as required within 60 days of the Borrower’s request, or if such a tenant provides false or fraudulent materials at any time, then the Borrower may, or at the request of the Issuer shall, refuse to offer a lease renewal and/or commence legal action to terminate the lease of the tenant.

Additional Agreements; Covenants Running with the Land

The Borrower agrees that its covenants restricting the use and occupancy of the Project set forth in the Bond Regulatory Agreement are essential to the issuance of the Bonds and the making and funding of the Loan with the proceeds thereof, and that the enforcement of these covenants is necessary to preserve the exclusion of interest on the Bonds from gross income for federal income tax purposes under Section 103 of the Code. These covenants are in addition to any similar or identical covenants contained in the Regulatory and Restrictive Covenants for Land Use Agreement between the Borrower and the Issuer (the “LIHTC Regulatory Agreement”). Therefore, the Borrower further agrees as follows:

Covenants Running With the Land. It is the intent of the Borrower and the Issuer that the use and occupancy restrictions contained in the Bond Regulatory Agreement and the following subsections of this section shall be covenants that run with the land, pursuant to the Act, and therefore binding on all the successors and assigns of the Borrower and the Issuer. These covenants shall survive a sale, transfer, or other disposition of the Project by the Borrower, or the repayment of the Loan, but shall cease to apply to the Project in the event of involuntary noncompliance caused by fire, seizure, requisition, foreclosure, transfer of title by deed in lieu of foreclosure, change in federal law or an action of a federal agency after the date of issue of the Bonds, which provided the funds for the Loan for the financing of the Project, if the event prevents the Issuer from enforcing the requirements, even though compensated by insurance, provided that any bonds allocable to the Project are retired within a reasonable period after such involuntary noncompliance. The respective covenants of the Borrower, however, shall survive a foreclosure, transfer of title by deed in lieu of foreclosure or similar event if at any time during the applicable Qualified Project Period the Borrower or a related person (as defined in Section 147 of the Code) thereafter obtains an ownership interest in the Project.

Inspections. In order to enable the Issuer to monitor the Borrower's compliance with the use and occupancy restrictions described in the Bond Regulatory Agreement, the Borrower covenants and agrees that the Issuer and its agents or employees shall upon reasonable advance notice be allowed access to the Project and leasing or business offices during normal business hours and to inspect and audit all books and records pertaining to the Project.

Status Reports. The Borrower covenants and agrees to complete and send to the Issuer an annual, or at any greater frequency that may be requested by an Authorized Officer of the Issuer, status report(s) in form and content acceptable to the Issuer, which status report(s) shall demonstrate ongoing compliance with these use and occupancy restrictions.

Transferees Bound. The Borrower covenants and agrees that in the event it sells or otherwise transfers ownership of the Project, it will enter into such agreements with the purchaser or transferee as may be prescribed by the Issuer which have the effect of causing such purchaser or transferee to be bound by the use and occupancy restrictions described in the Bond Regulatory Agreement, as they may be amended or supplemented.

Necessary Actions. The Borrower agrees to evict any tenant or take such other corrective action as is determined necessary by an Authorized Officer of the Issuer necessary to comply with the covenants set forth in the Bond Regulatory Agreement. To the extent necessary to preserve the exclusion of interest on the Bonds from gross income for federal income tax purposes under Section 103 of the Code, the Issuer shall also have the right to take any and all action which it deems appropriate in order to enforce compliance with the covenants set forth in the Bond Regulatory Agreement.

Treasury Regulations. The Borrower acknowledges that certain of the covenants set forth in the Bond Regulatory Agreement are based upon the Regulations of the United States Department of Treasury (the "Treasury Regulations") as they exist on the date of the Bond Regulatory Agreement and that the Treasury Regulations may be subsequently modified or interpreted by the federal government in a manner which the Issuer believes is inconsistent with such covenants set forth in the Bond Regulatory Agreement. The Borrower agrees to comply with any additional covenants and restrictions which the Issuer believes, upon advice of counsel, are necessary to preserve the exclusion of interest on the Bonds from gross income for federal income tax purposes under Section 103 of the Code and which are communicated in writing to the Borrower, even though such covenants or restrictions are not a part of the Bond Regulatory Agreement as originally executed; provided, however, that if counsel for the Borrower disagrees with the advice of counsel for the Issuer, Borrower shall have the right at its own expense to proceed with obtaining a favorable ruling from the Internal Revenue Service or interpretation from the appropriate court which Borrower deems advisable and in its best interest and the Issuer agrees to cooperate fully with Borrower in this connection, so long as Borrower bears the Issuer's expenses, including the expenses of legal counsel, in obtaining such ruling. In such event, such additional covenants or restrictions shall be considered a material part of the Bond Regulatory Agreement as if they had been originally included therein.

Borrower's Representations and Warranties. The Borrower incorporates in the Bond Regulatory Agreement, as if set forth in full in the Bond Regulatory Agreement, each of the representations, covenants and warranties of the Borrower contained in the Tax Certificate and Agreement and Borrower Tax Certification relating to the financing of the acquisition, rehabilitation and equipping of the Project with proceeds of the Loan.

HUD Rider. The terms and conditions of the HUD Rider attached to the Bond Regulatory Agreement are incorporated in the Bond Regulatory Agreement and made a part of the Bond Regulatory Agreement.]

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APPENDIX E

FORM OF CONTINUING DISCLOSURE AGREEMENT

\$5,500,000*

**West Virginia Housing Development Fund
Multifamily Housing Revenue Bonds Series 2020
(Charles Towers)**

This Continuing Disclosure Agreement (the “Disclosure Agreement”) is made as of this 1st day of _____, 2020, by and between Charles Towers Associates, L.P., a West Virginia limited partnership (the “Borrower”) and Zions Bancorporation, National Association, as Dissemination Agent (the “Dissemination Agent”). This Disclosure Agreement is entered into in connection with the issuance and sale by the West Virginia Housing Development Fund (the “Issuer”) of the above-captioned bonds (the “Bonds”) pursuant to a Trust Indenture by and between Zions Bancorporation, National Association, as trustee, and the Issuer dated as of _____ 1, 2020 (the “Indenture”).

SECTION 1. Purpose of the Disclosure Agreement.

This Disclosure Agreement is being executed and delivered by the Borrower, which is deemed to be the “obligated person” as defined by the Rule (defined below), and the Dissemination Agent for the benefit of the holders and beneficial owners of the Bonds (collectively, the “Bondholders”) and in compliance with Securities and Exchange Commission Rule 15c2-12(b)(5), as it may be amended from time to time (the “Rule”), including administrative or judicial interpretations thereof, as it applies to the Bonds.

The Borrower acknowledges and agrees that the Issuer is not an “obligated person” for purposes of the Rule and shall have no reporting or disclosure obligations hereunder. In addition to any other indemnification obligations of the Borrower to the Issuer and the Dissemination Agent now or hereafter existing, the Borrower hereby covenants and agrees to indemnify and hold harmless the Issuer and the Dissemination Agent, any person who “controls” the Issuer or the Dissemination Agent (within the meaning of Section 15 of the Securities Act of 1933, as amended), and any member, officer, director, official, agent, employee, and attorney of the Issuer, the State or the Dissemination Agent (collectively called the “Indemnified Parties”) against any and all losses, claims, damages or liabilities (including all costs, expenses and reasonable counsel fees incurred in investigating or defending such claim) suffered by any of the Indemnified Parties and caused by, relating to, arising out of, resulting from, or in any way connected with compliance with the Rule as it applies to the Bonds.

SECTION 2. Definitions.

In addition to the definitions set forth in the Indenture, which apply to any capitalized term used in this Disclosure Agreement unless otherwise defined in this Section 2, the following capitalized terms shall have the following meanings:

“*Annual Report*” shall mean the Borrower’s Annual Report provided pursuant to, and as described in, Sections 3 and 4 of this Disclosure Agreement.

“*Continuing Disclosure Information*” shall mean, collectively, (i) each Annual Report, (ii) any notice required to be filed with the National Repository pursuant to Section 3(c) of this Disclosure Agreement, and (iii) any notice of a Listed Event required to be filed with the National Repository pursuant to Section 5(c) of this Disclosure Agreement.

“*Commission*” shall mean the Securities and Exchange Commission.

“*EMMA*” shall mean the Electronic Municipal Market Access System.

* Preliminary, subject to change

“*Listed Events*” shall mean any of the events listed in Section 5(a) of this Disclosure Agreement.

“*MSRB*” shall mean the Municipal Securities Rulemaking Board.

“*National Repository*” shall mean the MSRB, through the internet facilities of EMMA, or any other public or private repository or entity that shall hereafter be designated by the Commission as a repository for purposes of the Rule.

“*Opinion of Counsel*” shall mean a written opinion of counsel expert in federal securities law acceptable to both the Issuer and the Borrower.

“*Rule*” shall mean Rule 15c2-12(b)(5) adopted by the Securities and Exchange Commission under the Securities Exchange Act of 1934, as it may be amended from time to time, including administrative or judicial interpretations thereof, as it applies to the Bonds.

“*State*” shall mean the State of West Virginia.

SECTION 3. Provision of Annual Reports.

(a) Commencing with the Borrower’s fiscal year ending December 31, 2021, the Borrower shall, no later than 180 days following the end of its fiscal year during which any of the Bonds remain outstanding, provide to the Dissemination Agent, the Annual Report prepared in each case for the fiscal year of the Borrower ending the immediately preceding December 31; provided, however, that the audited financial statements of the Borrower may be submitted separately from the Annual Report if such audited financial statements are not available by such date, but only if the unaudited financial statements are included in such Annual Report. Each Annual Report provided to the Dissemination Agent by the Borrower shall comply with the requirements of Section 4 of this Disclosure Agreement but may be submitted as a single document or as separate documents comprising a package and may cross-reference other information submitted to the National Repository. If the document incorporated by reference is a final official statement, it must be available from the National Repository. Any and all items that must be included in the Annual Report may be incorporated by reference from other information that is available to the public on EMMA, or that has been filed with the Commission. Unless otherwise provided by law, any Continuing Disclosure Information filed with the National Repository in accordance with this Disclosure Agreement shall be in an electronic format as shall be prescribed by MSRB Rule G-32, and shall be accompanied by such identifying information as shall be prescribed by MSRB Rule G-32.

(b) The Dissemination Agent, promptly on receiving the Annual Report, and in any event not later than 180 days following the end of the fiscal year of the Borrower, shall submit each such Annual Report received by it to the National Repository in accordance with the Rule and to the Issuer.

(c) If the Borrower fails to submit the Annual Report to the Dissemination Agent by the date required in subsection (a) of this Section 3, the Dissemination Agent shall send a notice to the Borrower advising of such failure. Whether or not such notice is given or received, if the Borrower thereafter fails to submit the Annual Report to the Dissemination Agent by the last Business Day of the month in which such Annual Report was due, the Dissemination Agent shall promptly send a notice to the National Repository in substantially the form attached as Exhibit A hereto.

SECTION 4. Contents of Annual Reports.

(a) The Annual Report will contain or incorporate by reference the financial information with respect to the Project, provided at least annually, of the type included in Exhibit B hereto, which Annual Report will include audited financial statements if they are prepared. If the Borrower’s audited financial statements are not available by the time the Annual Report is required to be filed, the Annual Report will contain unaudited financial statements, and the audited financial statements will be filed in the same manner as the Annual Report when and if they become available.

(b) The Borrower currently prepares its financial statements on an accrual basis of accounting and in accordance with generally accepted accounting principles.

SECTION 5. Reporting of Significant Events.

(a) This Section 5 shall govern the giving of notices of the occurrence of any of the following listed events (the “Listed Events”):

- (1) principal and interest payment delinquencies;
- (2) non-payment related defaults, if material;
- (3) unscheduled draws on debt service reserves reflecting financial difficulties;
- (4) unscheduled draws on credit enhancements reflecting financial difficulties;
- (5) substitution of credit or liquidity providers or their failure to perform;
- (6) (i) adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the Bonds or (ii) other material events affecting the tax status of the Bonds;
- (7) modifications to the rights of Bondholders, if material;
- (8) Bond calls (excluding mandatory sinking fund redemptions), if material, or tender offers;
- (9) defeasances;
- (10) release, substitution, or sale of property securing repayment of the Bonds, if material;
- (11) rating changes;
- (12) bankruptcy, insolvency, receivership or similar event of the Borrower;
- (13) the consummation of a merger, consolidation, or acquisition involving the Borrower or the sale of all or substantially all of the assets of the Borrower, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material;
- (14) appointment of a successor or additional trustee or the change of name of a trustee, if material;
- (15) incurrence of a financial obligation of the Borrower, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a financial obligation of the Borrower, any of which affect security holders, if material; and
- (16) default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a financial obligation of the Borrower, any of which reflect financial difficulties.

For purposes of clauses (15) and (16) of this Section 5(a), “financial obligation” is as contemplated by Exchange Act Release No. 34-83885; File No. S7-01-17 (the “Adopting Release”).

(b) The Borrower shall, within seven (7) Business Days of the occurrence of any of the Listed Events, notify the Dissemination Agent in writing to report the event pursuant to subsection (c) of this Section 5. In

determining the materiality of any of the Listed Events specified in clauses (2), (6)(ii), (7), (8), (10), (13), or (14) of subsection (a) of this Section 5, the Borrower may, but shall not be required to, rely conclusively on an Opinion of Counsel. The Dissemination Agent shall have no obligation under this Disclosure Agreement to provide, or to monitor the Borrower's obligation to provide, notification of the occurrence of any of the Listed Events which are material.

(c) If the Dissemination Agent has been instructed by the Borrower to report the occurrence of a Listed Event, the Dissemination Agent shall file a notice of such occurrence with the National Repository within three (3) Business Days of the receipt of such instruction, but in no event later than ten (10) Business Days after the occurrence of a Listed Event, with a copy of such notice provided by the Dissemination Agent to the Borrower, the Issuer, and the Trustee. In addition, notice of Listed Event described in subsection (a)(8) of this Section 5 shall be given by the Dissemination Agent under this subsection simultaneously with the giving of the notice of the underlying event to the Bondholders of the affected Bonds pursuant to the Indenture.

SECTION 6. Submission of Information to MSRB.

Any Continuing Disclosure Information filed with the MSRB in accordance with this Disclosure Agreement shall be in electronic format as shall be prescribed by MSRB Rule G-32 or such other format as the Rule may require or permit, and shall be accompanied by such identifying information as shall be prescribed by MSRB Rule G-32 or as may otherwise be required by the Rule.

SECTION 7. Defaults and Remedies.

(a) *Events of Default.* The following shall each constitute an “Event of Default” hereunder:

(1) The occurrence and continuation of a failure by the Borrower to observe, perform or comply with any covenant, condition or agreement on its part to be observed or performed in this Disclosure Agreement, if such failure shall remain uncured for a period of thirty (30) days after written notice thereof has been given to the Borrower by the Dissemination Agent, any Bondholder or the Issuer (“Disclosure Default”); or

(2) The occurrence and continuation of a failure by the Dissemination Agent to observe, perform or comply with any covenant, condition or agreement on its part to be observed or performed in this Disclosure Agreement, if such failure shall remain uncured for a period of thirty (30) days after written notice thereof has been given to the Dissemination Agent by the Issuer, the Trustee or any Bondholder (“Dissemination Default”).

(b) *Remedies on Default.*

(1) (i) In the case of the enforcement of any of the obligations hereunder to provide the Annual Report and any notice provided in connection with the occurrence of a Listed Event, the Trustee, on behalf of the Bondholders, may and (ii) in the case of challenges to the adequacy of information set forth in the Annual Report and any notice provided in connection with the occurrence of a Listed Event so provided, the Trustee may (and at the request of the Issuer or the Owners of at least twenty-five (25%) percent in aggregate principal amount of Outstanding Bonds, after having provided to the Trustee adequate security and indemnity, shall), take whatever action at law or in equity against the Borrower or the Dissemination Agent which is necessary or desirable to enforce the specific performance and observance of any obligation, agreement or covenant of the Borrower or the Dissemination Agent under this Disclosure Agreement and may compel the Borrower or the Dissemination Agent to perform and carry out their duties under this Disclosure Agreement; provided, that no person or entity shall be entitled to recover monetary damages hereunder under any circumstances.

(2) The Issuer, or any Bondholder, for the equal benefit and protection of all Bondholders similarly situated, may take whatever action at law or in equity against the Borrower or the Dissemination Agent and any of the officers, agents and employees of the Borrower or the Dissemination Agent which is necessary or desirable to enforce the specific performance and observance of any obligation, agreement or covenant of the Borrower or the Dissemination Agent, as the case may be, under this Disclosure Agreement

and may compel the Borrower or the Dissemination Agent, as the case may be, or any such officers, agents or employees to perform and carry out their duties under this Disclosure Agreement; provided, that no person or entity shall be entitled to recover monetary damages hereunder under any circumstances.

(3) In case the Trustee, the Dissemination Agent, the Issuer, or any Bondholder shall have proceeded to enforce its rights under this Disclosure Agreement and such proceedings shall have been discontinued or abandoned for any reason or shall have been determined adversely to such party, then and in every such case the Issuer, the Trustee, the Dissemination Agent, or any Bondholder, as the case may be, shall be restored respectively to their several positions and rights hereunder, and all rights, remedies and powers of the Issuer, the Trustee, the Dissemination Agent, or any Bondholder shall continue as though no such proceeding had been taken.

(4) An Event of Default under this Disclosure Agreement shall not be deemed an event of default under the Indenture, and the sole remedy under this Disclosure Agreement in the event of any failure by the Borrower to comply with this Disclosure Agreement shall be as set forth in subsection 7(b) of this Disclosure Agreement. The sole remedies under this Disclosure Agreement in the event of any failure by the Dissemination Agent to comply with this Disclosure Agreement shall be as set forth in subsection 7(b) of this Disclosure Agreement.

(c) *Agreements to Pay Reasonable Attorneys' Fees and Expenses.*

(1) If a Disclosure Default occurs and the Trustee, or any Bondholder, as the case may be, employs attorneys or incurs other expenses for the enforcement of performance or observance of any obligation or agreement on the part of the Borrower herein contained, the Borrower agrees that it will on demand therefor pay to the Trustee, the Issuer, or such Bondholder the reasonable fees of such attorneys and such other expenses so incurred by the Trustee, the Issuer, or such Bondholder, as the case may be.

(2) If a Dissemination Default occurs and the Issuer, or any Bondholder employs attorneys or incurs other expenses for the enforcement of performance or observance of any obligation or agreement on the part of the Dissemination Agent herein contained, the Dissemination Agent agrees that it will on demand therefor pay to the Issuer, or such Bondholder, as the case may be, the reasonable fees of such attorneys and such other expenses so incurred by the Issuer, or such Bondholder; provided that notwithstanding anything in the Indenture to the contrary the Dissemination Agent shall not be reimbursed or otherwise indemnified by the Issuer for the payment of any such fees or expenses paid to the Issuer, or any such Bondholder in connection with remedying any Dissemination Default.

(d) *No Remedy Exclusive.* No remedy herein conferred upon or reserved to the Trustee, the Issuer, the Dissemination Agent, or any Bondholder is intended to be exclusive of any other available remedy or remedies, but each and every such remedy shall be cumulative and shall be in addition to every other remedy given under this Disclosure Agreement or now or hereafter existing at law or in equity or by statute. No delay or omission to exercise any right or power accruing upon any default shall impair any such right or power or shall be construed to be a waiver thereof, but any such right and power may be exercised from time to time and as often as may be deemed expedient. In order to entitle the Issuer, the Trustee, the Dissemination Agent, or any Bondholder, as the case may be, to exercise any remedy reserved to it in this Article, it shall not be necessary to give any notice, other than such notice as may be herein expressly required.

(e) *No Additional Waiver Implied by One Waiver.* In the event any agreement contained in this Disclosure Agreement shall be breached by any party and thereafter waived by any affected party, such waiver shall be limited to the particular breach so waived and shall not be deemed to waive any other breach hereunder.

(f) *Delay Not to Constitute Waiver.* No failure by any party to insist upon strict performance of this Disclosure Agreement or to exercise any remedy upon the occurrence of a Disclosure Default or a Dissemination Default shall constitute a waiver of such default, or a waiver or modification of any provision of this Disclosure Agreement, and, likewise, no prior course of dealing between the parties hereto shall constitute a waiver of such default or a waiver or modification of any provision of this Disclosure Agreement.

SECTION 8. Termination of Reporting Obligation.

The obligations of the Borrower under this Disclosure Agreement shall terminate upon the defeasance, prior redemption or payment in full of all of the Bonds, or when the Borrower is no longer an Obligated Person (as defined in the Rule) with respect to the Bonds.

SECTION 9. Amendment; Waiver.

Notwithstanding any other provisions of this Disclosure Agreement, the Borrower may amend this Disclosure Agreement, and any provision of this Disclosure Agreement may be waived, if such amendment or waiver is supported by an Opinion of Counsel addressed to the Issuer and the Dissemination Agent to the effect that such amendment or waiver will not, in and of itself, cause the undertakings herein to violate the Rule. No such amendment shall be effective until the written consent of the Issuer has been received. No amendment to this Disclosure Agreement shall change or modify the rights or obligations of the Dissemination Agent without its written assent thereto.

SECTION 10. Additional Information.

Nothing in this Disclosure Agreement shall be deemed to prevent the Borrower from disseminating any other information, using the means of dissemination set forth in this Disclosure Agreement or any other means of communication, or including any other information in the Annual Report or notice of occurrence of a Listed Event, in addition to that which is required by this Disclosure Agreement. If the Borrower chooses to include any information in the Annual Report or notice of occurrence of a Listed Event in addition to that which is specifically required by this Disclosure Agreement, it shall not have any obligation under this Disclosure Agreement to update such information or include it in any future Annual Report or notice of occurrence of a Listed Event.

SECTION 11. Duties, Immunities and Liabilities of Dissemination Agent.

(a) The Dissemination Agent shall have only such duties as are specifically set forth in this Disclosure Agreement. The Dissemination Agent's obligation to deliver the information at the times and with the contents described herein shall be limited to the extent the Borrower has provided such information to the Dissemination Agent as required by this Disclosure Agreement. The Dissemination Agent shall have no duty with respect to the content of any disclosures or notice made pursuant to the terms hereof. The Dissemination Agent shall have no duty or obligation to review or verify any Information or any other information, disclosures or notices provided to it by the Borrower and shall not be deemed to be acting in any fiduciary capacity for the Borrower, the Holders of the Bonds or any other party. The Dissemination Agent shall have no responsibility for the Borrower's failure to report to the Dissemination Agent a Notice Event or a duty to determine the materiality thereof. The Dissemination Agent shall have no duty to determine, or liability for failing to determine, whether the Borrower has complied with this Disclosure Agreement. The Dissemination Agent may conclusively rely upon Certifications of the Borrower at all times.

The obligations of the Borrower under this Section shall survive resignation or removal of the Dissemination Agent and defeasance, redemption or payment of the Bonds.

(b) The Dissemination Agent may, from time to time, consult with legal counsel (either in-house or external) of its own choosing in the event of any disagreement or controversy, or question or doubt as to the construction of any of the provisions hereof or its respective duties hereunder, and shall not incur any liability and shall be fully protected in acting in good faith upon the advice of such legal counsel. The reasonable fees and expenses of such counsel shall be payable by the Borrower.

(c) All documents, reports, notices, statements, information and other materials provided to the MSRB under this Agreement shall be provided in an electronic format and accompanied by identifying information as prescribed by the MSRB.

SECTION 12. Beneficiaries.

This Disclosure Agreement shall inure solely to the benefit of the Dissemination Agent, the Issuer and the Bondholders, and the Issuer and each Bondholder is hereby declared to be a third party beneficiary of this Disclosure

Agreement. The Issuer shall have the right to bring an action in order to enforce the obligations of the parties hereunder. Except as provided in the immediately preceding sentence, this Disclosure Agreement shall create no rights in any other person or entity.

SECTION 13. Notices.

All notices and other communications required or permitted under this Disclosure Agreement shall be in writing and shall be deemed to have been duly given, made and received only when delivered (personally, by recognized national or regional courier service, or by other messenger, for delivery to the intended addressee) or when deposited in the United States mail, registered or certified mail, postage prepaid, return receipt requested, addressed as set forth below:

- (i) *If to the Borrower:*
Charles Towers Associates, L.P.
c/o Atlantic American Partners, LLC
269 S Main Street, Suite E
Providence, RI 02903
Attention: Kevin Orth
Telephone: (401) 553-2002
- (ii) *If to the Dissemination Agent:*
Zions Bancorporation, National Association
One South Main Street, 12th Floor
Salt Lake City, UT 84133
Attention: [Sandi Kinney]
Telephone: [(801) 844-7560]

Any party may alter the address to which communications are to be sent by giving notice of such change of address in conformity with the provisions of this Section 13 for the giving of notice.

SECTION 14. Successors and Assigns.

All of the covenants, promises and agreements contained in this Disclosure Agreement by or on behalf of the Borrower or the Dissemination Agent shall bind and inure to the benefit of their respective successors and assigns, whether so expressed or not.

SECTION 15. Headings for Convenience Only.

The descriptive headings in this Disclosure Agreement are inserted for convenience of reference only and shall not control or affect the meaning or construction of any of the provisions hereof.

SECTION 16. Counterparts.

This Disclosure Agreement may be executed in several counterparts, each of which shall be an original and all of which shall constitute but one and the same instrument.

SECTION 17. Severability.

If any provision of this Disclosure Agreement, or the application of any such provision in any jurisdiction or to any person or circumstance, shall be held invalid or unenforceable, the remaining provisions of this Disclosure Agreement, or the application of such provision as is held invalid or unenforceable in jurisdictions or to persons or circumstances other than those in or as to which it is held invalid or unenforceable, shall not be affected thereby.

SECTION 18. Governing Law and Venue.

This Disclosure Agreement shall be governed by and construed in accordance with the laws of the State.

[Remainder of page intentionally left blank]

IN WITNESS WHEREOF, the parties have executed this Disclosure Agreement by their proper and duly authorized officers the day and year first above written.

CHARLES TOWERS ASSOCIATES, L.P.,
a West Virginia limited partnership

By: AAP Charles Towers, LLC,
a West Virginia limited liability company,
its general partner

By: _____
Kevin Orth
Manager

[Signatures continued on next page]

[Dissemination Agent Signature Page to Continuing Disclosure Agreement]

**ZIONS BANCORPORATION, NATIONAL
ASSOCIATION**
as Dissemination Agent

By: _____
Authorized Officer

EXHIBIT A

NOTICE OF FAILURE TO FILE AN ANNUAL REPORT

Name of Issuer: West Virginia Housing Development Fund

Name of Bond Issue affected: Multifamily Housing Revenue Bonds, Series 2020 (Charles Towers)

CUSIP: _____

Date of Issuance of the affected
Bond Issue: _____, 2020

NOTICE IS HEREBY GIVEN that Charles Towers Associates, L.P. has not provided the Annual Report with respect to the above-named Bond issue as required by Section 3 of the Continuing Disclosure Agreement dated as of _____ 1, 2020, among the Borrower and the Dissemination Agent. The Borrower anticipates that the specified Annual Report will be filed by _____.

Dated:

ZIONS BANCORPORATION, NATIONAL ASSOCIATION,
as Dissemination Agent

By: _____
Authorized Officer

cc: Borrower

EXHIBIT B

ANNUAL REPORT

\$5,500,000*

West Virginia Housing Development Fund
Multifamily Housing Revenue Bonds, Series 2020
(Charles Towers)

CUSIP: _____

Annual report for the period ending December 31, _____

THE PROJECT

Name of the Project:	Charles Towers
Address:	151 Augustine Avenue, Charles Town, WV 25414
Number of Units:	82

OPERATING HISTORY OF THE PROJECT

The tables set forth below offer a summary of the operating results of the Project for fiscal year ended December 31, _____, as derived from the Borrower's audited financial statements [or unaudited financial statements].

Financial Results for Fiscal Year Ending December 31, _____	
Revenues	
Operating Expenses ¹	
Net Operating Income	
Debt Service on the Bonds	
Net Income (Loss)	
Debt Service Coverage Ratio	

¹ Excludes depreciation and other non-cash expenses.

Occupancy Results for Fiscal Year Ending December 31, _____	
Physical Occupancy	%
Economic Occupancy ¹	%

¹ The physical occupancy rate is the proportion of units that are occupied or leased by tenants. The economic occupancy rate is the proportion of the gross potential rent that is actually collected. As such, the economic occupancy takes into consideration items such as model units, employee units, discounted units, rent incentives, loss to lease and bad debt expense.

* Preliminary, subject to change

APPENDIX F

PROPOSED FORM OF BOND COUNSEL OPINION

West Virginia Housing Development Fund
5710 MacCorkle Ave., SE
Charleston, WV 25304

At your request, we have examined the constitution and laws of the State of West Virginia (the “State”) and a record of proceedings related to the issuance of \$_____ aggregate principal amount of Multifamily Housing Revenue Bonds, Series 2020 (Charles Towers) (the “Bonds”) of the West Virginia Housing Development Fund (the “Housing Development Fund”), a public body corporate of the State created by and pursuant to Article 18 of Chapter 31 of the Code of West Virginia, 1931, as amended (the “Act”), and organized and existing under the Act and the laws of the State.

The Bonds are authorized to be issued pursuant to the Act, the Bond Authorizing Resolution adopted by the Housing Development Fund on _____, 2020 (the “Resolution”), the Trust Indenture, dated as of December 1, 2020 (the “Indenture”), between the Housing Development Fund and Zions Bancorporation, National Association, as trustee (the “Trustee”), and a Certificate of Determinations of the Housing Development Fund, dated as of _____, 2020 (the “Certificate”). The Bonds are authorized to be issued for the purpose of providing funds to make a loan to Charles Towers Associates, L.P. (the “Borrower”) pursuant to the Loan Agreement, dated as of December 1, 2020 (the “Loan Agreement”), between the Housing Development Fund and the Borrower, to finance, refinance or reimburse a portion of the costs of the acquisition, rehabilitation and equipping of a multifamily housing development to be owned and operated as an affordable multifamily rental housing project for seniors known as Charles Towers, located in Charles Town, West Virginia, pursuant to the terms of the Indenture, the Loan Agreement and the Regulatory Agreement, dated as of December 1, 2020 (the “Bond Regulatory Agreement”), among the Housing Development Fund, the Borrower and the Trustee.

The Bonds are dated the date, mature on the date, are in the principal amount, bear interest at the rate and are subject to redemption and otherwise are as described and provided for in the Resolution, the Indenture and the Certificate.

We are of the opinion that:

1. Under the constitution and laws of the State, the Housing Development Fund has good, right and lawful authority, among other things, to issue the Bonds and to execute and perform its obligations under the terms and conditions of the Indenture and the Loan Agreement.
2. The Resolution has been duly adopted by the Housing Development Fund, is in full force and effect, and is valid and binding upon the Housing Development Fund and enforceable in accordance with its terms.
3. The Housing Development Fund has taken all action necessary to authorize the issuance and sale of the Bonds and the execution, delivery and performance of the Indenture and the Loan Agreement.
4. The Bonds have been duly authorized, sold and issued by the Housing Development Fund in accordance with the Resolution, the Indenture and the laws of the State, including the Act, and pursuant to the Act are issued by a public body corporate of the State for a public purpose.
5. The Bonds are special, limited obligations of the Housing Development Fund payable from the revenues, funds or moneys pledged for the payment thereof pursuant to the Resolution and the Indenture, and are enforceable in accordance with their terms and the terms of the Resolution and the Indenture.

6. The State is not liable on the Bonds and the Bonds are not a debt of the State or a general obligation of the Housing Development Fund. Neither the faith and credit of the State or the Housing Development Fund nor the taxing power of the State is pledged to the payment of the principal of and premium, if any, and interest on the Bonds.

7. The Indenture, the Loan Agreement and the Bond Regulatory Agreement have been duly authorized, executed and delivered by the Housing Development Fund, and assuming due authorization, execution and delivery by the other parties thereto, are valid and legally binding obligations of the Housing Development Fund enforceable in accordance with their respective terms.

8. Under existing statutes and court decisions and assuming continuing compliance with certain tax covenants described below, (i) interest on the Bonds is excluded from gross income for federal income tax purposes pursuant to Section 103 of the Internal Revenue Code of 1986, as amended (the "Code"), except that no opinion is expressed as to such exclusion of interest on any Bond for any period during which the Bond is held by a person who, within the meaning of Section 147(a) of the Code, is a "substantial user" of the facilities financed with the proceeds of the Bonds or a "related person," and (ii) interest on the Bonds is not treated as a preference item in calculating the alternative minimum tax under the Code. In rendering our opinion, we have relied on certain representations, certifications of fact, and statements of reasonable expectations made by the Housing Development Fund, the Borrower and others in connection with the Bonds, and we have assumed compliance by the Housing Development Fund and the Borrower with certain ongoing covenants to comply with applicable requirements of the Code to assure the exclusion of interest on the Bonds from gross income under Section 103 of the Code.

We express no opinion as to any other federal, state or local tax consequences arising with respect to the Bonds, or the ownership or disposition thereof, except as stated in paragraph 8 above. We render our opinion under existing statutes and court decisions as of the date hereof, and assume no obligation to update, revise or supplement our opinion to reflect any action hereafter taken or not taken, any fact or circumstance that may hereafter come to our attention, any change in law or interpretation thereof that may hereafter occur, or for any other reason. We express no opinion as to the consequence of any of the events described in the preceding sentence or the likelihood of their occurrence. In addition, we express no opinion on the effect of any action taken or not taken in reliance upon an opinion of other counsel regarding federal, state or local tax matters, including, without limitation, exclusion from gross income for federal income tax purposes of interest on the Bonds. We undertake no responsibility for the accuracy, completeness, or fairness of any official statement or other offering materials relating to the Bonds and express herein no opinion relating thereto.

We have assumed, without undertaking to verify, the genuineness of all documents, certificates and opinions presented to us (whether as originals or as copies) and of the signatures thereon, the accuracy of the factual matters represented, warranted, or certified therein, and the due and legal execution thereof by, and the validity against, any parties other than the Housing Development Fund.

In rendering this opinion, we are advising you that the rights and obligations under the Bonds, the Indenture, the Loan Agreement and the Bond Regulatory Agreement and their enforceability may be limited by bankruptcy, insolvency, reorganization, moratorium, arrangement, fraudulent conveyance, or other laws affecting creditors' rights or remedies and are subject to general principles of equity (regardless of whether such enforceability is considered in a proceeding in equity or at law), to the exercise of judicial discretion in appropriate cases, and to limitations on legal remedies. We express no opinion with respect to any indemnification, contribution, penalty, choice of law, choice of forum, waiver, or severability provisions contained in the documents described herein.

We have examined a specimen of the Bonds and in our opinion the form thereof and its execution are regular and proper.

Very truly yours,



EXHIBIT B

CONSIDERATION OF 2021 AND 2022 ALLOCATION PLAN FOR LOW-INCOME HOUSING TAX CREDIT PROGRAM

DATE: October 14, 2020

SUBJECT: Proposed 2021 and 2022 Allocation Plan for the
Low-Income Housing Tax Credit Program

The Housing Development Fund, as the allocating agency for the State of West Virginia (the "State"), is responsible for administering the Low-Income Housing Tax Credit Program (the "LIHTC Program") and for developing and adopting a qualified allocation plan for the State. A qualified allocation plan specifies how properties will be selected for allocations of low-income housing tax credits. The Proposed 2021 and 2022 Allocation Plan (the "Plan") meets the requirements of Section 42 of the Internal Revenue Code and has been reviewed by counsel.

The State anticipates receiving approximately \$5,040,000 in low-income housing tax credits for 2021.

Following are some of the notable changes in the Plan from the 2019 and 2020 Allocation Plan summarized according to Plan section:

PROGRAM PARTICIPANTS ELIGIBILITY REQUIREMENTS (pages 9 through 11)

Program Participants Eligibility Requirements Certification and Exhibits (pages 9 and 10)

In the 2019 and 2020 Allocation Plan all program participants, regardless of whether or not they had participated in a West Virginia property, were required to evidence compliance in each and every state in which they had an LIHTCP property. The Plan now requires this only for program participants who have not received a final Allocation Certification for any LIHTCP property in the State. As in prior allocation plans, all program participants must be in compliance in West Virginia.

Minimum Credit Score and Fiscal Soundness (pages 10 and 11)

The Fund clarified what documents are required in order for the Fund to determine non-profit fiscal soundness. Specifically, the Fund considers the “three most recent years” to mean for 2021 applications, the 2018, 2019, and 2020 audited financial statements, and for 2022 applications, the 2019, 2020, and 2021 audited financial statements. If audited financial statements are unavailable for the most recent year, the Applicant must submit accountant reviewed, accountant compiled, or entity-prepared financial statements for that year. If audited financial statements are not available for any of the three most recent years, the Fund may consider accepting other financial statements on a case-by-case basis.

SELECTION AND PREFERENCE CRITERIA (pages 17 through 69)

Property Characteristics (Including Existing Housing as Part of a Concerted Community Revitalization Plan) (pages 17 through 28)

Existing Housing in Most Need of and Most Suitable for Rehabilitation (pages 20 and 21)

At the end of this scoring criterion, the Fund added a list of instances when the Fund may consider a property not suitable for rehabilitation.

Type of Financing (pages 21 through 25)

RD or HUD Financing or Guarantee/Insurance (pages 21 and 22)

The Fund added information relating to underwriting standards (expected loan terms, required minimum deferred Developer’s Fee) for properties requesting the Fund’s HOME Program or HTF financing.

Expiring LIHTCP Extended Use Period (page 23)

The requirement for an LIHTCP property to record a Land Use Restriction Agreement (“LURA”) against the deed to the property was added beginning in 1990. LIHTCP properties have a minimum extended use period of 30 years. In an effort to not lose these low-income residential rental assets for West Virginia, the Fund added this scoring criterion to encourage the rehabilitation of LIHTCP properties which would soon be out of the extended use period.

Favorable Financing (pages 23 through 25)

Previously, for construction financing to be considered favorable financing, such financing must have total financing origination fees including costs for lender legal review at a percentage or amount which is at or below 1% of the construction loan amount. The Fund added the costs for lender inspections to the 1% limitation.

Property-Based Rental Assistance (pages 26 through 28)

The Fund included details as to what backup documentation must be submitted in order for a property which is undergoing a Rental Assistance Demonstration Program ("RAD") conversion to receive the points available.

Ability to Produce a Qualified Low-Income Residential Rental Property (pages 28 through 35)

Developer Experience in the LIHTCP (pages 31 and 32)

The Fund modified the point structure in this scoring criterion as follows:

- 20 points for participation in six or more (was five or more) LIHTCP properties
- 10 points for participation in two (was three) LIHTCP properties

The Fund also added a 25-point option for participation in eight or more LIHTCP properties. Additionally, for LIHTCP properties claimed for experience which are located outside of the State, the Fund now requires that the executed Partnership Agreement, or other documentation acceptable to the Fund, defining the property developer for such property be submitted.

Developer's and General Partner's Post-2008 Timely Delivery of Units (page 32)

Due to the wide variance in state HFA's administration of the LIHTCP including timing of allocations, the Fund now only awards points for units timely delivered in West Virginia.

General Partner Portfolio Occupancy Rate (pages 32 and 33)

The Fund changed this scoring criterion to only include occupancy of properties located within West Virginia. Additionally, for General Partners who do not yet have a West Virginia LIHTCP property the Fund will award the points available if the General Partner's portfolio for completed properties outside of the State was 93% or more occupied as of the respective measurement dates listed in the Program Calendar.

Participation in the Most Recent Fund Application Workshop (page 34)

The Fund modified the scoring slightly for this criterion as follows:

- A property is awarded 12.5 points (was 20 points) for developer Principal attendance to the workshop
- A property is awarded 12.5 points (was 5 points per employee limited to two employees) for an employee on the payroll of the developer who attended the workshop.

The Application Workshop may be held virtually if necessary due to COVID or a similar situation.

Property Location and Housing Needs Characteristics (pages 35 through 50)

High Opportunity Location (pages 42 through 50)

School Performance and Proximity to Senior Amenities (pages 48 and 49)

This scoring criterion previously only included school performance. However, since elderly properties do not benefit as much from school performance, the Fund added a scoring alternative for elderly properties. The scoring alternative awards points based upon a property's proximity to senior amenities.

Preference for Properties Serving the Lowest Income Tenants (pages 55 through 58)

Option 1: Tenants with Incomes at or below 40% of the Area Median Gross Income (pages 56 and 57)

The Fund added limitations on which properties may commit to the 40% lower income targeting. For applications who (1) request soft fund financing from the Fund and (2) commit the property to lower income targeting at 40% of the area median income, the property must have project-based rental assistance committed to the property which covers at least the number of units committed to 40% of the area median income.

Energy Efficiency and Quality of Housing (pages 60 through 69)

Energy Star Certified Exterior Doors and Windows (pages 62 and 63)

In the 2019 and 2020 Plan properties which involve rehabilitation of historic structures were not eligible for the points available. The Fund now permits such properties to be awarded the points available if the applicant submits one of the following:

- documentation from the State Historic Preservation Office ("SHPO") which confirms that installation of new Energy Star Certified Exterior Doors and Windows as outlined in the scoring criterion will not result in an adverse effect to the Historic-Eligible Structure, or
- documentation from SHPO that the installation of new Energy Star Certified Exterior Doors and Windows as outlined in the scoring criterion **will** result in an adverse effect to the Historic-Eligible Structure, but SHPO has agreed to permit installation of such doors and windows as memorialized in a fully executed Memorandum of Agreement (must be included as backup).

Green Building Training for Residential Housing (page 65)

This scoring criterion now only requires such training to be attended within three years (was 12 months) prior to the property's Reservation Request due date. Additionally, such training does not need to be in person training.

Laundry Closet with Washer and Dryer or Hookup Only (pages 65 and 66)

The Fund removed the requirement that such installed washers and dryers be Energy Star certified.

Fair Housing Act and Americans with Disabilities Act Training (page 68)

The Fund now permits such training to be remote (not in-person).

NEGATIVE POINTS (page 69)

The negative points which reduce a property's total score was modified from two points for each acceptance issue not fulfilled to a graduated scale.

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Staff is requesting your approval of the Plan in substantially the form submitted. As required by Section 42 of the Internal Revenue Code, the Plan will then be subjected to public comment through the public hearing process and submitted to the Governor for his approval. If, due to the public hearing, substantive changes are made to the Plan, staff may bring such changes back to the Board of Directors for approval before the Plan is forwarded to the Governor for his approval.

Respectfully submitted:

Erica L. Boggess, CPA, Executive Director

Julie Davis, Deputy Director – Production

Nathan E. Testman, Senior Division Manager - Multifamily Lending

Michelle L. Wilshire, CPA, Senior Manager of the Low-Income
Housing Tax Credit Program



EXHIBIT C

CONSIDERATION OF 2021 AND 2022 TAX CREDIT MANUAL FOR LOW-INCOME HOUSING TAX CREDIT PROGRAM

DATE: October 14, 2020

SUBJECT: Proposed 2021 and 2022 Tax Credit Manual for the
Low-Income Housing Tax Credit Program

The following information is provided to facilitate your review of the Proposed 2021 and 2022 Tax Credit Manual ("Manual") for the Low-Income Housing Tax Credit Program.

The Manual is the Fund's document which includes policies and procedures of the Low-Income Housing Tax Credit Program which are outside of the statutorily mandated requirements of a Qualified Allocation Plan.

Following is a summary of the notable changes in the Manual from the 2019 and 2020 Tax Credit Manual summarized according to Manual section:

REQUIREMENTS FOR REQUESTS AND TIME-SENSITIVE DEADLINES (pages 5 through 30)

Prior to Equity Closing (pages 19 through 21)

The Fund has added the following items to the documents due no later than 30 calendar days prior to equity closing:

- for properties which involve rehabilitation of existing structures, a complete and final scope of work by unit based upon the updated construction cost estimate, and
- for Existing Housing properties which are claiming recently-replaced appliances, recently-replaced roofs, or recently-replaced siding and trim, the documentation as required in the Energy Efficiency and Quality of Housing section of the Plan.

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Documents Due One Year from the Date of the Carryover Allocation Certificate (pages 22 through 24) and Post-Bond Closing Submissions for Tax-Exempt Bond Financed Properties (pages 25 and 26)

The following management documents were added as follows:

- property management plan,
- property management agreement,
- property tenant selection plan,
- property lease agreement, and
- all lease addendums.

Allocation Requests (pages 26 through 30)

As part of an acceptable Carryover Allocation Request, for any property which committed to the Reachable Green Space Percentage scoring criterion, the Applicant must submit a post-construction certified survey including a calculation of the Reachable Green Space percentage which must evidence that the criterion was met or exceeded.

PROCESSING FEE (pages 30 through 34)

The minimum Initial Fee and minimum Final Fee were increased slightly from \$1,250 to \$1,750 (and from \$1,875 to \$2,000 for properties which involve both Existing Low-Income Housing and New Supply).

Retention of the Initial Fee (page 31)

The amount of the Initial Fee which the Fund retains increased slightly from \$1,000 to \$1,750 (capped at \$3,000 (was \$2,500)) once the application has been review for acceptability. The amount of the Initial Fee which the Fund retains increased slightly from \$2,000 to \$3,500 (capped at \$6,000 (was \$5,000)) once the application has been scored.

Administrative Waiver Fee (page 34)

The Fund will not grant an administrative waiver to any property whose developer and/or General Partner has either

- outstanding issues of non-compliance for any property in the State that have been reported to the IRS as continuing to be unresolved after the end of the correction period, or
- past due outstanding LIHTCP compliance monitoring fees owed to the Fund.

ALLOCATION POLICIES (pages 35 through 53)

Limitations on Number of Applications Submitted (pages 37 and 38)

For a first-time property developer or General Partner, who has not placed in service an LIHTCP property located in any state and has not received the final Allocation Certifications for the buildings in the property, if selected, such developer or General Partner is not permitted to submit a Pre-Registration Form or Reservation Request in subsequent rounds until final Allocation Certifications are issued on the selected property.

Developer's Fee (pages 40 through 44)

The Fund will not permit Acquisition Developer's Fee in property costs and adjusted basis unless Acquisition credit is being requested.

The Fund added some additional restrictions on Developer's Fee and restrictions on deferred Developer's Fee as follows:

- If HOME or HTF or any other Fund-provided soft source (whether fully amortizing or not) is being requested by a property, a minimum deferred Developer's Fee will be required in the same manner as set forth in the Allocation Policies, State Designated Basis Boost subsection of the Manual.
- Regardless of the percentage of Developer's Fee deferred, the Fund will ensure a property's cash flow projections (using standard underwriting assumptions) support the reasonable expectation that the deferred Developer's Fee can be paid within 15 years of placement in service. If the property's cash flow does not evidence the ability to pay the planned deferred Developer's Fee within the 15 years, the Developer's Fee will be reduced (lower use of funds) accordingly, and as a result, the deferred Developer's Fee will be reduced (lower source of funds) to an acceptable amount. A deferred Developer Fee cannot be classified as a General Partner capital contribution in order to circumvent this policy.

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Staff is requesting your approval of the Manual in substantially the form submitted.

Respectfully submitted:

Erica L. Boggess, CPA, Executive Director

Julie Davis, Deputy Director – Production

Nathan E. Testman, Senior Division Manager - Multifamily Lending

Michelle L. Wilshire, CPA, Senior Manager of the Low-Income
Housing Tax Credit Program