

CLACKAMAS COUNTY BOARD OF COUNTY COMMISSIONERS

Sitting/Acting as:

Board of Commissioners of the Housing Authority of Clackamas County (HACC)

Policy Session Worksheet

Presentation Date: 10/31/17 **Approx. Start Time:** 2:30pm **Approx. Length:** 30 minutes

Presentation Title: Rosewood Terrace Apartments Project Documents

Department: Health, Housing, and Human Services (H3S)

Presenters: Richard Swift, Health, Housing and Human Services Director, Chuck Robbins, Housing Authority of Clackamas County (HACC) Executive Director

Other Invitees: Jill Smith, Health, Housing and Human Services Deputy Director, Kevin Ko, Housing and Community Development Manager, Rich Malloy, HACC Asset Manager, Angel Sully HACC Development Coordinator.

WHAT ACTION ARE YOU REQUESTING FROM THE BOARD?

1. Update the Board on the status of the Closing documents for the Rosewood Terrace project. These include :
 - a. Limited Partnership Agreement
 - b. Operating Agreement for the General Partner
 - c. Bond Documents
2. Discuss authorization for the Housing Authority's Executive Director to sign on behalf of the Board and to execute and deliver Ancillary Documents in connection with the financing, development and operation of the Rosewood Terrace Project
3. Authorization to place these documents along with the Signing Authority on the November 22, 2017 HACC Board Agenda

BACKGROUND:

This project is being developed by Pedcor Inc. and will consist of 212 units of affordable rental housing located at 8810 & 8850 Otty Road in Happy Valley. The development includes (104) 1 Bedroom/1 Bath units, (100) 2 Bedroom/2 Bath units, and (8) 3 Bedroom/2 Bath Units. With 2 BR/2 Bath units renting for over \$1,200/month in the metro area, this project would hold rents to \$761/Mo for 1BR/ Bath, \$909/Mo for 2BR/2Bath, and \$1,044/Mo for 3 BR/2 Bath making it affordable to households making less than 60% of the Area Median Income. These units are required to remain affordable for a period of 60 years.

Rosewood Terrace is a vital part of the Housing Authority's development strategy in meeting its goal of creating 1,000 new units of affordable housing in the next 5 years. Approval of these

documents at the November 22, 2017 Business Meeting constitutes the County's binding commitment to complete this project and will allow the Rosewood Terrace Project to move forward on schedule.

All of the following documents have been prepared and reviewed by outside legal counsel. HACC has retained Hawkins, Delafield & Wood LLP to act as Bond Counsel, with Harvey Rogers preparing the Bond Documents for this project. Rob Sullivan, P.C., has been retained and is acting Tax Credit Counsel for HACC. Mr. Sullivan has thoroughly reviewed and edited both the LPA and the Operating Agreement for the General Partner. All documents have also been reviewed by David Rosen and Associates, HACC's financial consultant, and County Counsel for compliance with the Memo of Understanding (MOU) and Term Sheet for the Rosewood Terrace project

Document Definitions

1. **Limited Partnership Agreement (LPA):** The LPA is a contract between all partners, which spells out the authority of the general partner and the rights of all limited partners. The LPA is set in place to define the purpose and structure of the partnership, partner contributions to the project and the terms, rights and obligations of each entity in the partnership. Partners included in this LPA are Rosewood Terrace Housing Company, LLC (General Partner); The Housing Authority of Clackamas County (Special Limited Partner); Pedcor Investments (Withdrawing Limited Partner) and US Bancorp Community Development Corporation (substitute Limited Partner). This document was prepared by Kutak Rock, LLP, a national legal firm, on behalf of US Bank, Pedcor and HACC.
2. **Operating Agreement for the General Partner:** The Operating Agreement is an agreement among Limited Liability Company (LLC) Members, governing the LLC's business and Member's financial and managerial rights and duties. This Operating Agreement will be used to define project partners; terms; management rights, powers and duties; conditions and general provisions. Parties to this agreement include Rosewood Terrace Housing Company; the Housing Authority of Clackamas County; Pedcor Investments and 2018 Housing Participants, LLC, an Indiana limited liability company ("2018 Participants"). This document was prepared by in house counsel for Pedcor Investments and Rob Sullivan, P.C.
3. **Bond Documents:** These documents include the terms of a bond purchase agreement and will include sale conditions, sale price, bond interest rate, bond maturity, bond redemption provisions, sinking fund provisions and conditions under which the agreement may be canceled. The bond documents for this project were prepared by Ice Miller LLP for Pedcor Investments and Hawkins, Delafield & Wood LLP for the Housing Authority of Clackamas County.
 - a. Bond Financing Agreement
 - b. Bond Purchase Agreement

Signing Authority for Ancillary Documents

Once these documents have been approved the project will quickly proceed to closing. In order to ensure an efficient and timely process for approving the numerous documents that are part of the project, HACC is requesting authorization for the Chair of the Board, the H3S Director, H3S Deputy Director, or the HACC Executive Director to execute and deliver Ancillary Documents that may include non-substantive and otherwise minor changes in relation to the financing, development and operation of the Rosewood Terrace Apartments. Ancillary Documents might include Subordination Agreements and documents related to the Project Based Vouchers dedicated to this project. This is not meant to be an exhaustive list of Ancillary Documents. The request for Signing Authority is consistent with what was granted for the Easton Ridge redevelopment project.

FINANCIAL IMPLICATIONS (current year and ongoing):

Is this item in your current budget? YES NO

What is the cost? Total cost for the project is \$65,626,453

What is the funding source?

1. Rental Income generated during construction	\$2,143,851
2. Limited Partner Equity (Tax Credits)	\$22,580,000
3. First Mortgage (Bond Proceeds)	\$29,150,621
4. HOME Loan	\$550,000
5. Community Development Block Grant (CDBG) Loan	\$345,000
6. HACC Disposition Fund Loan	\$1,605,000
7. Deferred Developer Fee	<u>\$9,251,981</u>
TOTAL	\$65,626,453

STRATEGIC PLAN ALIGNMENT:

- How does this item align with your Department’s Strategic Business Plan goals?
 - Sustainable and Affordable Housing
- How does this item align with the County’s Performance Clackamas goals?
 - Ensure safe, healthy and secure communities

LEGAL/POLICY REQUIREMENTS:

Any future action will require approval from the HACC Board

PUBLIC/GOVERNMENTAL PARTICIPATION:

OPTIONS:

- Authorize placing all of the documents, and signing authority for the Chair of the Board, the H3S Director, H3S Deputy Director, or the HACC Executive Director on the November 22, 2017 HACC Board meeting for approval.

- Schedule an additional policy session for further discussion of the Rosewood Terrace documents.
- Reject all or some of the documents.
- Reject authorization for all or some of the listed positions to execute and deliver Ancillary Documents in connection with the acquisition and construction of the Rosewood Terrace Project.

RECOMMENDATION

Staff recommends that the HACC Board place the Rosewood Terrace Limited Partnership Agreement, Operating Agreement for the General Partnership, and Bond Documents on the consent agenda for the November 22, 2017 HACC Board Meeting.

Staff also recommends that at the November 22, 2017 meeting the HACC Board approve the request for authorization for the Chair of the Board, the H3S Director, H3S Deputy Director, or the HACC Executive Director to sign the Ancillary Documents on behalf of the Board.

Respectfully Submitted,

Richard Swift
 Director, Health Housing & Human Services

ATTACHMENTS:

- Limited Partnership Agreement for Rosewood Terrace (draft)
- Operating Agreement for General Partnership at Rosewood Terrace (draft)
- Bond Documents – Financing Agreement and Purchase Agreement at Rosewood Terrace (drafts)

SUBMITTED BY:

Division Director/Head Approval _____
 Department Director/Head Approval _____
 County Administrator Approval _____

For information on this issue or copies of attachments, please contact Chuck Robbins @ 503-655-8591

**AMENDED & RESTATED
OPERATING AGREEMENT OF
ROSEWOOD TERRACE HOUSING COMPANY, LLC**

THIS AMENDED & RESTATED OPERATING AGREEMENT (together with any schedules and/or exhibits attached hereto, this "Agreement") of ROSEWOOD TERRACE HOUSING COMPANY, LLC, an Indiana limited liability company (the "Company"), is entered into as of the ___ day of _____, 2017 (the "Effective Date"), by the Housing Authority of Clackamas County, Oregon ("HACC"), Pedcor Investments, A Limited Liability Company, a Wyoming limited liability company ("Pedcor"), 2018 Housing Participants, LLC, an Indiana limited liability company ("2018 Participants"), Thomas G. Crowe ("Crowe"), Jared M. Houser ("JMH") and the Craig H. Lintner Revocable Trust Dated December 21, 2016, and as subsequently amended ("Lintner Trust");

WHEREAS, the Company was originally formed as an Indiana limited liability company pursuant to Articles of Organization filed with the Secretary of State of Indiana on August 2, 2016. The Company has been operating pursuant to a written Operating Agreement dated August 2, 2016 (the "Initial Operating Agreement"), having Pedcor, Crowe, JMH and Craig H. Lintner, as members of the Company. The parties hereto desire to further amend and restate the Initial Operating Agreement in order to cause the withdrawal of Craig H. Lintner, the admission of 2017 Participants, the admission of Lintner Trust and the admission of HACC, and to set forth more fully the rights, obligations, and duties of the Members;

WHEREAS, in consideration of the foregoing, of the mutual promises of the parties hereto, and of other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto, intending legally to be bound, hereby agree as follows:

ARTICLE 1

DEFINED TERMS

The following capitalized terms shall have the meaning specified in this Article I. Other terms are defined in the text of this Agreement and, throughout this Agreement those terms shall have the meanings respectively so ascribed to them.

"2017 Participants" means 2017 Housing Participants, LLC, an Indiana limited liability company, and its successors, permitted transferees and assigns.

"Act" means the Indiana Business Flexibility Act, as amended from time to time.

"Adjusted Capital Account Deficit" means, with respect to any Interest Holder, the deficit balance, if any, in the Interest Holder's Capital Account as of the end of the relevant taxable year, after giving effect to the following adjustments:

- (i) the deficit shall be decreased by the amounts which the Interest Holder is obligated

to restore pursuant to *Section 4.4(b)* or is deemed obligated to restore pursuant to Regulation Sections 1.704-2(g)(1) and (i)(5) (i.e., the Interest Holder's share of Minimum Gain and Member Minimum Gain); and

(ii) the deficit shall be increased by the items described in Regulation Sections 1.704-1(b)(2)(ii)(d)(4), (5) and (6).

"Affiliate" means, with respect to any Member, any Person: (i) which owns more than 50% of the voting interests in the Member; or (ii) in which the Member owns more than 50% of the voting interests; or (iii) in which more than 50% of the voting interests are owned by a Person who has a relationship with the Member described in clause (i) or (ii) above.

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

"Capital Account" means the account to be maintained by the Company for each Interest Holder in accordance with the following provisions:

(i) an Interest Holder's Capital Account shall be credited with the Interest Holder's Capital Contributions, the amount of any Company liabilities assumed by the Interest Holder (or which are secured by Company property distributed to the Interest Holder), the Interest Holder's allocable share of Profit and any item in the nature of income or gain specially allocated to the Interest Holder pursuant to the provisions of Article IV (other than *Section 4.3(c)*); and

(ii) an Interest Holder's Capital Account shall be debited with the amount of money and the fair market value of any Company property distributed to the Interest Holder, the Interest Holder's allocable share of Loss, and any item in the nature of expenses or losses specially allocated to the Interest Holder pursuant to the provisions of Article IV (other than *Section 4.3(c)*).

If any Interest is transferred pursuant to the terms of this Agreement, the transferee shall succeed to the Capital Account of the transferor to the extent the Capital Account is attributable to the transferred Interest. If the book value of Company property is adjusted pursuant to *Section 4.3(c)*, the Capital Account of each Interest Holder shall be adjusted to reflect the aggregate adjustment in the same manner as if the Company had recognized gain or loss equal to the amount of such aggregate adjustment. It is intended that the Capital Accounts of all Interest Holders shall be maintained in compliance with the provisions of Regulation Section 1.704-1(b), and all provisions of this Agreement relating to the maintenance of Capital Accounts shall be interpreted and applied in a manner consistent with that Regulation.

"Capital Contribution" means the total amount of cash and the fair market value of any other assets contributed (or deemed contributed under Regulation Section 1.704-1(b)(2)(iv)(d)) to the Company by a Member, net of liabilities assumed or to which the assets are subject.

“Capital Proceeds” means the proceeds from (i) any sale or exchange of any of the assets of the Company, (ii) any casualty, condemnation, or other loss affecting Company assets or any portion thereof resulting in the receipt of insurance proceeds (other than rent loss or business interruption insurance) or condemnation payments, except to the extent of proceeds applied to the restoration, reconstruction, or replacement of such assets, (iii) any financing or refinancing of Company assets (including the disbursement of any proceeds of any such loan, whenever made, that are available to be distributed to the Members), or (iv) any other transaction the proceeds of which are deemed attributable to capital under generally accepted accounting principles less (a) all costs and expenses incurred by the Company in connection with the transaction giving rise to such proceeds, including, if applicable, a market (at the time of sale) broker fee payable to a third party broker; (b) all principal and interest payments and other sums paid on or with respect to any indebtedness of the Company then due and payable; (c) amounts required by this Agreement or amounts receiving the Consent of the Manager to be set aside in reserves; and (d) any Company expenses then due and payable and for which there are insufficient Company gross revenues to pay; provided, that in no event shall the making of any Capital Contribution or Member Loan give rise to any Capital Proceeds.

“Capital Transaction” means any refinancing of Pedcor CLV debt or the sale, exchange, condemnation, destruction (including insurance proceeds in excess of amounts required to be applied to restore the insured property) or other disposition of all or any substantial part of the Pedcor CLV's property, other than minor sales of assets obsolete in the ordinary course of the Pedcor CLV's business.

“Cash Flow” means all cash funds derived from operations of the Company, without reduction for any noncash charges, but less cash funds used to pay current operating expenses and to pay or establish reasonable reserves for future expenses, debt payments, capital improvements, and replacements as determined by the Members. Cash Flow shall be increased by the reduction of any reserve previously established.

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

“Company” means the limited liability company formed in accordance with this Agreement.

“Crowe” means Thomas G. Crowe, a resident of the State of Indiana, and his successors, permitted transferees and assigns.

“Development Fee Advance Loan” means a loan made by Pedcor, or one of its affiliates, to the Company so the Company as the General Partner of Pedcor CLV can make the required capital contribution, pursuant to Section 5.11 of the Partnership Agreement (defined below), to Pedcor CLV for the payment of the Development Fee as that term is defined in the Partnership Agreement.

“Houser” means Jared M. Houser, a resident of the State of Indiana, and his successors, permitted transferees and assigns.

"Interest" means a Person's share of the Profits and Losses of, and the right to receive distributions from, the Company.

"Interest Holder" means any Person who holds an Interest, whether as a Member or an unadmitted assignee of a Member.

"Involuntary Withdrawal" means, with respect to any Member, the occurrence of insolvency, bankruptcy or adjudicated incompetency or any of the events set forth in IND. CODE § 23-18-6-5(3) through (8).

"Lintner Trust" means The Craig H. Lintner Revocable Trust Dated December 21, 2016 and as subsequently amended, and its successors, permitted transferees and assigns.

"Majority in Interest of the Members" means, with respect to any action requiring approval by such measure, the affirmative consent of Members then holding at least 51% of the Percentages then held by Members.

"Manager" means each of the Persons designated as such pursuant to Article V.

"Member" means each Person signing this Agreement and any Person who subsequently is admitted as a member of the Company.

"Member Minimum Gain" has the meaning set forth in Regulation Section 1.704-2(i) for "partner nonrecourse debt minimum gain."

"Membership Rights" means all of the rights of a Member in the Company, including a Member's: (i) Interest; (ii) right to inspect the Company's information and books; (iii) right to participate in the management of and vote on matters coming before the Company; and (iv) unless this Agreement or the Articles of Organization provide to the contrary, right to act as an agent of the Company.

"Minimum Gain" has the meaning set forth in Regulation Section 1.704-2(d). Minimum Gain shall be computed separately for each Interest Holder in a manner consistent with the Regulations under Code Section 704(b).

"Negative Capital Account" means a Capital Account with a balance of less than zero.

"OSI" means the Office of the Secretary of State of Indiana.

"Partnership Agreement" means that certain Amended and Restated Agreement of Limited Partnership of Pedcor Investments-2016-CLV Limited Partnership, dated as of _____, 2017, as amended from time to time.

“**PDA**” means Pedcor Development Associates, LLC, an Indiana limited liability company.

“**PDA Loan**” means a loan made by PDA to the Company, in an amount to be determined by PDA, from which the Company shall repay a portion of the Development Fee Advance Loan. Such PDA Loan shall be subsequently assigned by PDA to Thomas G. Crowe, Jared M. Houser and Housing Authority of Clackamas County, Oregon, in such proportion as PDA shall determine.

“**Pedcor**” means Pedcor Investments, A Limited Liability Company, a Wyoming limited liability company, and its successors, permitted transferees and assigns.

“**Pedcor CLV**” means Pedcor Investments-2016-CLV Limited Partnership, an Oregon limited partnership.

“**Percentage**” means, as to a Member, the percentage Interest set forth after the Member's name on Exhibit A, as amended from time to time, and as to an Interest Holder who is not a Member, the Percentage of the Member whose Interest has been acquired by such Interest Holder, to the extent the Interest Holder has succeeded to that Member's Interest.

“**Person**” means and includes an individual, corporation, partnership, association, limited liability company, a foreign limited liability company, a business trust or another legal or commercial entity.

“**Positive Capital Account**” means a Capital Account with a balance greater than zero.

“**Profit**” and “**Loss**” means, for each taxable year of the Company (or other period for which Profit or Loss must be computed), the Company's taxable income or loss determined in accordance with Code Section 703(a), with the following adjustments:

(i) all items of income, gain, loss, deduction, or credit required to be stated separately pursuant to Code Section 703(a)(1) shall be included in computing taxable income or loss; and

(ii) any tax-exempt income of the Company, not otherwise taken into account in computing Profit or Loss, shall be included in computing taxable income or loss; and

(iii) any expenditures of the Company described in Code Section 705(a)(2)(B) (or treated as such pursuant to Regulation Section 1.704-1(b)(2)(iv)(i)) and not otherwise taken into account in computing Profit or Loss, shall be subtracted from taxable income or loss; and

(iv) gain or loss resulting from any taxable disposition of Company property shall be computed by reference to the adjusted book value of the property disposed of, notwithstanding the fact that the adjusted book value differs from the adjusted basis of the property for federal income tax purposes; and

(v) in lieu of the depreciation, amortization, or cost recovery deductions allowable in computing taxable income or loss, there shall be taken into account the depreciation computed based upon the adjusted book value of the asset; and

(vi) notwithstanding any other provision of this definition, any items which are specially allocated pursuant to *Section 4.3* hereof shall not be taken into account in computing Profit or Loss.

"Regulation" means the income tax regulations, including any temporary regulations, from time to time promulgated under the Code.

"Transfer" means, when used as a noun, any voluntary sale, hypothecation, pledge, assignment, attachment, or other transfer, and, when used as a verb, means voluntarily to sell hypothecate, pledge, assign, or otherwise transfer.

"Voluntary Withdrawal" means a Member's disassociation with the Company by means other than a Transfer or an Involuntary Withdrawal.

Article II

FORMATION AND NAME; OFFICE; PURPOSE; TERM

2.1. **Organization.** The parties hereby organize a limited liability company pursuant to the Act and the provisions of this Agreement and, for that purpose, have caused Articles of Organization to be prepared, executed, and filed with OSSI on August 2, 2016.

2.2. **Name of the Company.** The name of the Company shall be "Rosewood Terrace Housing Company, LLC". The Company may do business under that name and under any other name or names upon which the Managers agree. If the Company does business under a name other than that set forth in its Articles of Organization, then the Company shall file an assumed business name certificate as required by law.

2.3. **Purpose.** The Company shall have unlimited power to engage in any and all lawful businesses for which limited liability companies may be organized under the Act.

2.4. **Term.** The term of the Company began upon the acceptance of Articles of Organization by OSSI for filing and shall continue perpetually, unless its existence is sooner terminated pursuant to Article VII of this Agreement.

2.5. **Principal Office.** The principal office of the Company shall be located at One Pedcor Square, 770 3rd Avenue, S.W., Carmel, Indiana 46032 or at any other place within or outside the State of Indiana which the Managers may designate.

2.6. **Registered Agent.** The name and address of the Company's initial registered agent in the State of Indiana shall be Pedcor Legal Agent, LLC, One Pedcor Square, 770 3rd Avenue, S.W., Carmel, Indiana 46032.

2.7. **Members.** The name, present mailing address, taxpayer identification number, and Percentage of each Member are set forth on *Exhibit A*.

ARTICLE III

MEMBERS; CAPITAL; CAPITAL ACCOUNTS

3.1. **Initial Capital Contributions.** Upon the execution of this Agreement, the Members shall contribute to the Company cash in the amounts respectively set forth on *Exhibit A*.

3.2. **No Additional Capital Contributions Required.** No Member shall be required to contribute any additional capital to the Company, and no Member shall have any personal liability for any obligation of the Company.

3.3. **No Interest on Capital Contributions.** Interest Holders shall not be paid interest on their Capital Contributions.

3.4. **Return of Capital Contributions.** Except as otherwise provided in this Agreement, no Interest Holder shall have the right to receive any return of any Capital Contribution.

3.5. **Form of Return of Capital.** If an Interest Holder is entitled to receive a return of a Capital Contribution, the Company may distribute cash, notes, property, or a combination thereof to the Interest Holder in return of the Capital Contribution.

3.6. **Capital Accounts.** A separate Capital Account shall be maintained for each Interest Holder.

3.7. **Loans.** Any Member may, at any time, make or cause a loan to be made to the Company in any amount and on those terms upon which the Company and the Member agree.

ARTICLE IV

PROFIT, LOSS, AND DISTRIBUTIONS

4.1. **Distributions of Cash Flow and Allocations of Profit or Loss Other Than Capital Transactions.**

(a) **Cash Flow.** For each taxable year of the Company, Cash Flow shall be distributed as follows:

First, to repay the PDA Loan and Development Fee Advance Loan pro-rata to the then outstanding balance, if any;

Second, to the repayment of Operating Loans, if any (as such term is defined in the Partnership Agreement) shall be paid to Pedcor;

Third, any proceeds received from Pedcor CLV pursuant to Clause Eleventh of Exhibit A-5 of the Partnership Agreement, as amended from time to time, shall be distributed 7.315% to Crowe, 7.315% to Houser, 24.39% to Lintner Trust and 60.98% to HACC.

Fourth, the remainder (specifically including any proceeds received from Pedcor CLV pursuant to Clause Thirteenth of Exhibit A-5) shall be distributed 25% to HACC, 49.9% to Pedcor, 9.1% to Participants, 10% to Lintner Trust, 3% to Crowe and 3% to Houser; provided, however, the Members hereby acknowledge and agree that the aggregate amounts distributed to Lintner Trust, Crowe and Houser pursuant to Clause Third above and this Clause Fourth shall be adjusted such that Lintner Trust, Crowe and Houser shall not receive more than 10%, 3%, and 3% respectively of the amounts distributed pursuant to Clause Third and Fourth of this Section 4.1(a), and provided, further, in no event shall Pedcor receive more than 49.9% of Cash Flow pursuant to Clause Third and Fourth of this Section 4.1(a). In order to achieve the distribution allocations detailed within this Clause Fourth of Section 4.1(a), the Members acknowledge and agree that no adjustments shall be made to previous distributions made pursuant to Clause Third above, and once Pedcor, Lintner, Crowe and Houser have received the cap amount as detailed herein, all future distributions under this Clause Fifth of Section 4.1(a) shall be directed to Participants.

Notwithstanding the foregoing, to the extent the Company receives a PDA Loan, such funds shall go directly to Pedcor for the repayment of the Development Fee Advance Loan.

(b) ***Profit or Loss Other Than From a Capital Transaction.*** For each taxable year of the company, after giving effect to the special allocations set forth in *Section 4.3*, Profit or Loss (other than Profit or Loss resulting from a Capital Transaction, which Profit or Loss shall be allocated in accordance with the provisions of *Sections 4.2(a)* and *4.2(b)*) shall be allocated to the Interest Holders as follows:

i. To the extent that Profit is equal to or less than Cash Flow actually distributed pursuant to *Section 4.1(a)*, Profit shall be allocated to the Interest Holders in proportion to and in the same priority that Cash Flow is distributed pursuant to *Section 4.1(a)*.

ii. To the extent that Profit exceeds Cash Flow distributed pursuant to *Section 4.1(a)*, that excess Profit shall be allocated to the Interest Holders in proportion to their respective Percentages.

iii. All loss shall be allocated to the Interest Holders in proportion to their respective Percentages.

4.2. *Distributions of Capital Proceeds and Allocation of Profit or Loss from Capital Transactions.*

(a) ***Profit.*** After giving effect to the special allocations set forth in *Section 4.3.*, Profit from a Capital Transaction shall be allocated as follows:

i. If one or more Interest Holders has a Negative Capital Account, to those Interest Holders, in proportion to their Negative Capital Accounts, until all of those Negative Capital Accounts have been restored to zero.

ii. Any Profit not allocated pursuant to *Section 4.2(a)(i)* shall be allocated to the Interest Holders in proportion to, and to the extent of, the amounts distributable to them pursuant to Clause Third of *Section 4.2(c)(iv)*.

iii. Any Profit in excess of the foregoing allocations shall be allocated to the Interest Holders in an amount so that each Member's Capital Account after taking into account all distributions to be made pursuant to *Section 4.2(c)*, equals as nearly as possible, zero.

(b) ***Loss.*** After giving effect to the special allocations set forth in *Section 4.3.*, Loss from a Capital Transaction shall be allocated as follows:

i. If one or more Interest Holders has a Positive Capital Account, to those Interest Holders, in proportion to their Positive Capital Accounts, until all Positive Capital Accounts have been reduced to zero.

ii. Any Loss not allocated to reduce Positive Capital Accounts to zero pursuant to *Section 4.2(b)(i)* shall be allocated to the Interest Holders in proportion to their Percentages.

(c) ***Capital Proceeds.*** Capital Proceeds shall be distributed and applied by the Company in the following order and priority:

i. to the payment of all expenses of the Company incident to the Capital Transaction; then

ii. to the payment of debts and liabilities of the Company then due and

outstanding (including all debts due to any Interest Holder); then

iii. to the establishment of any reserves which the Managers deem necessary for liabilities or obligations of the Company; then

iv. the balance shall be distributed as follows:

First, any amounts received by the Company pursuant to Section 8.2(e)(i) of the Partnership Agreement shall be distributed to HACC; and any amounts received by the Company pursuant to Section 8.2(e)(ii) of the Partnership Agreement shall be distributed 18.75% to Crowe, 18.75% to Houser, 62.50% to Lintner Trust; then

Second, all other amounts shall be distributed to the Interest Holders in proportion to their Adjusted Capital Balances until their remaining Adjusted Capital Balances have been paid in full; then

Third, if any Interest Holder has a Positive Capital Account after the distributions made pursuant to Clause Second of Section 4.2(c)(iv) and before any further allocation of Profit pursuant to Section 4.2(a)(iii), those Interest Holders in proportion to their Positive Capital Accounts; then

Fourth, the balance, 49.9% to Pedcor, 9.1% to Participants, 10% to Lintner Trust, 3% to Crowe, 3% to Houser and 25% to HACC; provided however, that the aggregate amounts distributed to Lintner Trust, Crowe, Houser, HACC and Pedcor pursuant to all distributions detailed within Clause First, Clause Second, Clause Third and this Clause Fourth of Section 4.2(c) shall not, in the aggregate, exceed 10%, 3%, 3%, 25% and 49.9%, respectively, with any reallocation specifically directed to Participants.

4.3. *Regulatory Allocations.*

(a) ***Qualified Income Offset.*** No Interest Holder shall be allocated Losses or deductions if the allocation causes such Interest Holder to have an Adjusted Capital Account Deficit except to the extent that such Interest Holder has a valid deficit restoration obligation pursuant to Section 4.4(b) hereof. If any Interest Holder receives (1) an allocation of Loss or deduction (or item thereof) or (2) any distribution, which causes such Interest Holder to have an Adjusted Capital Account Deficit at the end of any taxable year, then all items of income and gain of the Company (consisting of a pro rata portion of each item of Company income, including gross income and gain) for that taxable year shall be allocated to such Interest Holder, before any other allocation is made of Company items for that taxable year, in the amount and in proportions required to eliminate the excess as quickly as possible. This *Section 4.3(a)* is intended to comply with, and shall be interpreted consistently with, the “qualified income offset” provisions of the Regulations promulgated under Code Section

704(b).

(b) **Minimum Gain Chargeback.** Except as set forth in Regulation Section 1.704-2(f)(2), (3), and (4), if, during any taxable year, there is a net decrease in Minimum Gain, each Interest Holder, prior to any other allocation pursuant to this Article IV, shall be specially allocated items of gross income and gain for such taxable year (and, if necessary, subsequent taxable years) in an amount equal to that Interest Holder's share of the net decrease of Minimum Gain, computed in accordance with Regulation Section 1.704-2(g)(2). Allocations of gross income and gain pursuant to this *Section 4.3(b)* shall be made first from gain recognized from the disposition of Company assets subject to nonrecourse liabilities (within the meaning of the Regulations promulgated under Code Section 752), to the extent of the Minimum Gain attributable to those assets, and thereafter, from a pro rata portion of the Company's other items of income and gain for the taxable year. It is the intent of the parties hereto that any allocation pursuant to this *Section 4.3(b)* shall constitute a "minimum gain chargeback" under Regulation Section 1.704-2(f).

(c) **Contributed Property and Book-Ups.** In accordance with Code Section 704(c) and the Regulations thereunder, as well as Regulation Section 1.704-1(b)(2)(iv)(d)(3), income, gain, loss, and deduction with respect to any property contributed (or deemed contributed) to the Company shall, solely for tax purposes, be allocated among the Interest Holders so as to take account of any variation between the adjusted basis of the property to the Company for federal income tax purposes and its fair market value at the date of contribution (or deemed contribution). If the adjusted book value of any Company asset is adjusted as provided herein, subsequent allocations of income, gain, loss, and deduction with respect to the asset shall take account of any variation between the adjusted basis of the asset for federal income tax purposes and its adjusted book value in the manner required under Code Section 704(c) and the Regulations thereunder.

(d) **Code Section 754 Adjustment.** To the extent an adjustment to the tax basis of any Company asset pursuant to Code Section 734(b) or Code Section 743(b) is required, pursuant to Treas. Reg. § 1.704-1(b)(2)(iv)(m), to be taken into account in determining Capital Accounts, the amount of the adjustment to the Capital Accounts shall be treated as an item of gain (if the adjustment increases the basis of the asset) or loss (if the adjustment decreases basis), and the gain or loss shall be specially allocated to the Interest Holders in a manner consistent with the manner in which their Capital Accounts are required to be adjusted pursuant to that Section of the Regulations.

(e) **Nonrecourse Deductions.** Nonrecourse Deductions for a taxable year or other period shall be specially allocated among the Interest Holders in proportion to their Percentages.

(f) **Member Loan Nonrecourse Deductions.** Any Member Loan Nonrecourse Deduction for any taxable year or other period shall be specially allocated to the Interest Holder who bears the risk of loss with respect to the loan to which the Member Loan

Nonrecourse Deduction is attributable in accordance with Treas. Reg. § 1.704-2(b).

(g) **Guaranteed Payments.** To the extent any compensation paid to any Member by the Company, including any fees payable to any Member pursuant to *Section 5.3.* hereof, is determined by the Internal Revenue Service not to be a guaranteed payment under Code Section 707(c) or is not paid to the Member other than in the Person's capacity as a Member within the meaning of Code Section 707(a), the Member shall be specially allocated gross income of the Company in an amount equal to the amount of that compensation, and the Member's Capital Account shall be adjusted to reflect the payment of that compensation.

(h) **Unrealized Receivables.** If an Interest Holder's Interest is reduced (provided the reduction does not result in a complete termination of the Interest Holder's Interest), the Interest Holder's share of the Company's "unrealized receivables" and "substantially appreciated inventory" (within the meaning of Code Section 751) shall not be reduced, so that, notwithstanding any other provision of this Agreement to the contrary, that portion of the Profit otherwise allocable upon a liquidation or dissolution of the Company pursuant to *Section 4.4.* hereof which is taxable as ordinary income (recaptured) for federal income tax purposes shall, to the extent possible without increasing the total gain to the Company or to any Interest Holder, be specially allocated among the Interest Holders in proportion to the deductions (or basis reductions treated as deductions) giving rise to such recapture. Any questions as to the aforesaid allocation of ordinary income (recapture), to the extent such questions cannot be resolved in the manner specified above, shall be resolved by the Managing Member.

(i) **Withholding.** All amounts required to be withheld pursuant to Code Section 1446 or any other provision of federal, state, or local tax law shall be treated as amounts actually distributed to the affected Interest Holders for all purposes under this Agreement.

4.4. **Liquidation and Dissolution.**

(a) If the Company is liquidated, the assets of the Company shall be distributed to the Interest Holders in accordance with the positive balances, if any, in their respective Capital Accounts, after taking into account the allocations of Profit or Loss pursuant to *Sections 4.1.* or *4.2.*, if any, and distributions, if any, of cash or property, if any, pursuant to *Section 4.1* and *4.2(b).*

(b) If a Member shall have a Negative Capital Account following the distribution of liquidation proceeds, it shall restore and contribute to the Partnership an amount equal to such Member's then Negative Capital Account (but not to exceed \$1,000, or such or greater amount as such Member may elect by written amendment to this Agreement from time to time) before the later to occur of (i) the end of the taxable year in which the Partnership (or such Member's Interest) is liquidated, or (ii) 90 days after the date of the liquidation of the Partnership (or of such Member's interest), which amount shall be paid to creditors of the Partnership or, if the amount contributed exceeds the amount due to creditors, shall be

distributed to the Interest Holders having Positive Capital Account balances. Notwithstanding *Section 9.4* hereof, any Member may amend this Agreement without the consent of any other Member for the sole purpose of modifying this *Section 4.4(b)* to change such Member's obligation to restore its Negative Capital Account.

4.5. General.

(a) Except as otherwise provided in this Agreement, the timing and amount of all distributions shall be determined by the Managers; provided, however, that Cash Flow shall be distributed not less frequently than annually.

(b) If any assets of the Company are distributed in kind to the Interest Holders, those assets shall be valued on the basis of their fair market value, and any Interest Holder entitled to any interest in those assets shall receive that interest as a tenant-in-common with all other Interest Holders so entitled. Unless the Members otherwise agree, the fair market value of the assets shall be determined by an independent appraiser who shall be selected by the Managers. The Profit or Loss for each unsold asset shall be determined as if the asset had been sold at its fair market value, and the Profit or Loss shall be allocated as provided in *Section 4.2.* and shall be properly credited or charged to the Capital Accounts of the Interest Holders prior to the distribution of the assets in liquidation pursuant to *Section 4.4.*

(c) All Profit and Loss shall be allocated, and all distributions shall be made, to the Persons shown on the records of the Company to have been Interest Holders as of the last day of the taxable year for which the allocation or distribution is to be made. Notwithstanding the foregoing, unless the Company's taxable year is separated into segments, if there is a Transfer or an Involuntary Withdrawal during the taxable year, the Profit or Loss shall be allocated between the original Interest Holder and the successor on the basis of the number of days each was an Interest Holder during the taxable year; provided, however, the Company's taxable year shall be segregated into two or more segments in order to account for Profit, Loss, or proceeds attributable to a Capital Transaction or to any other extraordinary nonrecurring items of the Company.

(d) The Managers are hereby authorized, upon the advice of the Company's tax counsel, to amend this Article IV to comply with the Code and the Regulations promulgated under Code Section 704(b); provided, however, that no amendment shall materially affect distributions to an Interest Holder without the Interest Holder's prior written consent.

ARTICLE V

MANAGEMENT: RIGHTS, POWERS AND DUTIES

5.1. Managers.

(a) Except to the extent that all the Members may determine otherwise, day-to-day management of the Company's business shall be exclusively vested in one (1) Manager. The Members hereby designate Pedcor as the initial Manager of the day-to-day business of the Company. Except to the extent that a Majority in Interest of the Members may determine otherwise, the Manager shall have the authority to sign agreements and other instruments on behalf of the Company.

(b) The Manager shall be elected by a Majority in Interest of the Members. A Manager shall hold office until the Manager's successor has been duly elected and qualified.

(c) The Manager shall not be personally liable for the debts, obligations or liabilities of the Company, whether arising in contract, tort or otherwise, or for the acts or omissions of any Member, other Manager, agent or employee of the Company. The Manager shall perform its duties as a Manager in good faith, in a manner the Manager reasonably believes to be in the best interests of the Company, and with such care as an ordinarily prudent person in a like position would use under similar circumstances. The Manager is not liable for any action taken as a Manager, or any failure to take any action, unless the Manager has breached or failed to perform the Manager's duties and the breach or failure to perform constitutes willful misconduct or recklessness.

(d) In performing the Manager's duties, the Manager shall be entitled to rely on information, opinions, reports, or statements of the following persons or groups unless the Manager has knowledge concerning the matter in question that would cause such reliance to be unwarranted:

i. one or more employees or other agents of the Company whom the Manager reasonably believes to be reliable and competent in the matters presented;

ii. any attorney, public accountant or other person as to matters which the Manager reasonably believes to be within such person's professional or expert competence; or

iii. a committee upon which the Manager does not serve, duly designated in accordance with a provision of the Articles or this Agreement, as to matters within its designated authority, which committee the Manager reasonably believes to merit reliance.

(e) The Manager is an agent of the Company for the purpose of apparently carrying on in the usual way the business of the Company, and the act of the Manager, including the execution in the Company name of any instrument for apparently carrying on in the usual way the business of the Company, binds the Company, unless such act is in contravention of the Articles of Organization of the Company or this Agreement or unless the Manager so acting otherwise lacks the authority to act for the Company, and the person with whom the Manager is dealing has knowledge of the fact that such Manager has no such

authority.

(f) The Manager shall have the right and authority to take all actions which the Manager deems necessary, useful or appropriate for the day-to-day management and conduct of the Company's business. Subject to the restrictions set forth in this *Section 5.1.*, the Manager may exercise all powers of the Company and do all such lawful acts and things as are not by the Articles of Organization of the Company, this Agreement or the Act, directed or required to be exercised or done by the Members. The Manager may elect or appoint officers and define their function and authority. Officers may but need not be Managers or Members. Any action taken under the preceding two sentences shall be recorded in the records of the Company. All instruments, contracts, agreements and documents providing for the acquisition, mortgage or disposition of property of the Company shall be valid and binding on the Company if executed by the Manager or officers (if such officer is provided for, and granted such authority, in accordance with this *Section 5.1(f)*). All instruments, contracts, agreements and documents of whatsoever type executed on behalf of the Company shall be executed in the name of the Company by the Manager or officers (if such officer is provided for, and granted such authority, in accordance with this *Section 5.1(f)*).

(g) ***Salaries.*** The Company may pay to any Manager, Member or other Person, a salary and/or bonus as compensation for services rendered to the Company. Such salaries and/or bonuses shall be treated as expenses of the Company and shall not be deemed to constitute distributions to the recipient of any profit, loss or capital of the Company.

(h) ***Removal of Manager.***

i. Subject to the provisions of the Act and subject to the satisfaction of the conditions contained in this *Section 5.1(h)*, a Majority in Interest of the Members may remove the Manager with or without cause. A Majority in Interest of the Members may also remove any officer with or without cause.

ii. Any removal the Manager shall become effective when written notice thereof is given by a Majority of Interest of the Members unless a later effective date is specified in such notice. Such notice must be delivered to the Manager being removed, any remaining Managers and any Manager elected to replace the removed Manager. Should a Manager be removed who is also a Member, such removal shall not affect the Person's rights as a Member except as may otherwise be provided in the Act, the Articles of Organization of the Company or this Agreement.

(i) ***Resignation of Manager.*** A Manager may resign from his position as a Manager at any time by notice to a Majority in Interest of the Members. Such resignation shall become effective when such notice is received, unless a delayed effective is specified in such notice.

(j) ***Vacancies.*** Any vacancies in the office of the Managers may be filled upon the written consent of a majority of the remaining Managers. A Manager chosen to fill a

vacancy shall serve the unexpired term of his predecessor in office. Any Manager's position to be filled by reason of an increase in the number of Managers shall be filled in the same manner or by election at an annual meeting or at a special meeting of Members called for that purpose. A Manager chosen to fill a position resulting from an increase in the number of Managers shall hold office until the next annual meeting of Members and until his successor has been duly elected and qualified.

(k) Any Member who takes any action or binds the Company in violation of this Section 5.1 shall be solely responsible for any loss and expense incurred as a result of the unauthorized action and shall indemnify and hold the Company and the other Members harmless with respect to the loss or expense.

5.2. Meetings of and Voting by Members.

(a) A meeting of the Members may be called at any time by those Members holding at least fifty-one percent (51%) of the Percentages then held by Members. Meetings of Members shall be held at the Company's principal place of business or at any other place designated by the Persons calling the meeting. Not less than ten (10) nor more than ninety (90) days before each meeting, the Persons calling the meeting shall give written notice of the meeting to each Member entitled to vote at the meeting. The notice shall state the time, place, and purpose of the meeting. Notwithstanding the foregoing provisions, each Member who is entitled to notice waives notice if before or after the meeting the Member signs a waiver of the notice which is filed with the records of Members' meetings, or is present at the meeting in person or by proxy. Unless this Agreement provides otherwise, at a meeting of Members, the presence in person or by proxy of Members holding not less than fifty-one percent (51%) of the Percentages then held by Members constitutes a quorum. A Member may vote either in person or by written proxy signed by the Member or by the Member's duly authorized attorney-in-fact.

(b) Except as otherwise provided in the Act or this Agreement, the affirmative vote of Members holding fifty-one percent (51%) or more of the Percentages then held by Members shall be required to approve any matter coming before the Members.

(c) In lieu of holding a meeting, the members may vote or otherwise take action by a written instrument indicating the consent of members holding a majority of the interests then held by members.

5.3. Personal Service. No Member shall be required to perform services for the Company solely by virtue of being a Member. Unless approved by the Managers, no Member shall perform services for the Company or be entitled to compensation for services performed for the Company.

5.4. Duties of Parties.

(a) Except as otherwise expressly provided in *Section 5.4(b)*, nothing in this

Agreement shall be deemed to restrict in any way the rights of any Member, or of any Affiliate of any Member, to conduct any other business or activity whatsoever, and no Member shall be accountable to the Company or to any other Member with respect to that business or activity even if the business or activity competes with the Company's business. The organization of the Company shall be without prejudice to the Members' respective rights (or the rights of their respective Affiliates) to maintain, expand, or diversify such other interests and activities and to receive and enjoy profits or compensation therefrom. Each Member waives any rights the Member might otherwise have to share or participate in such other interests or activities of any other Member or the Member's Affiliates.

(b) Each Member understands and acknowledges that the conduct of the Company's business may involve business dealings and undertakings with Members and their Affiliates. In any of those cases, those dealings and undertakings shall be at arm's length and on commercially reasonable terms.

5.5. Liability and Indemnification of Managers.

(a) To the maximum extent that would be permitted by Indiana law in effect from time to time if the Company were an Indiana business corporation, the Company, without requiring a preliminary determination of the ultimate entitlement to indemnification, shall indemnify and shall pay or reimburse reasonable expenses in advance of the final disposition of a proceeding to (i) any individual who is a present or former Managers, or (ii) any individual who, at the request of the Company, serves or has served another entity or enterprise as a manager, director, officer, partner, or trustee. Neither the amendment nor repeal of this Section, nor the adoption or amendment of any other provision of this Agreement or the Articles of Organization of the Company inconsistent with this Section, shall reduce in any respect the Company's obligations under this Section with respect to any act or failure to act which occurred before the amendment, repeal, or adoption. As used in this Section, the terms "expenses" and "proceeding" have the meanings ascribed to them in IND. CODE §§ 23-1-37-3 and 7 of the Indiana Business Corporation Law.

(b) No person serving as a Manager shall be liable to the Company or the Members for money damages except to the extent that (i) it is proved that the Person actually received an improper benefit or profit in money, property or services for the amount of the benefit or profit in money, property, or services actually received, or (ii) a judgment or other final adjudication adverse to the Person is entered in a proceeding based on a finding in the proceeding that the Person's action, or failure to act, was the result of active and deliberate dishonesty and was material to the course of action adjudicated in the proceeding.

5.6. Power of Attorney.

(a) ***Grant of Power.*** Each Member constitutes and appoints the Managers, and each of them individually, as the Member's true and lawful attorneys-in-fact ("Attorney-in-Fact"), and in the Member's name, place, and stead, to make, execute, sign,

acknowledge, and file:

- i. one or more articles of organization;
- ii. all documents (including amendments to articles of organization) which the Attorney-in-Fact deems appropriate to reflect any amendment, change, or modification of this Agreement;
- iii. any and all other certificates or other instruments required to be filed by the Company under the laws of the State of Indiana or of any other state or jurisdiction, including, without limitation, any certificate or other instruments necessary in order for the Company to continue to qualify as a limited liability company under the laws of the State of Indiana;
- iv. one or more fictitious or trade name certificates; and
- v. all documents which may be required to dissolve and terminate the Company and to cancel its articles of organization.

(b) ***Irrevocability.*** The foregoing power of attorney is irrevocable and is coupled with an interest, and, to the extent permitted by applicable law, shall survive the death or disability of a Member. It also shall survive the Transfer of an Interest, except that if the transferee is admitted as a Member, this power of attorney shall survive the delivery of the assignment for the sole purpose of enabling the Attorney-in-Fact to execute, acknowledge, and file any documents needed to effectuate the substitution. Each Member shall be bound by any representations made by the Attorney-in-Fact acting in good faith pursuant to this power of attorney, and each Member hereby waives any and all defenses which may be available to contest, negate, or disaffirm the action of the Attorney-in-Fact taken in good faith under this power of attorney.

ARTICLE VI

TRANSFER PERMITTED ON SATISFACTION OF CERTAIN CONDITIONS

6.1. Transfers.

- (a) No Person may Transfer all or any portion of or any interest or rights in the Person's Membership Rights or Interest unless the following conditions ("Conditions of Transfer") are satisfied:
- i. The Transfer will not require registration of Interests or Membership Rights under any federal or state securities laws;
 - ii. The transferee delivers to the Company a written agreement to be bound by

the terms of Article VI of this Agreement;

iii. The Transfer will not result in the termination of the Company pursuant to Code Section 708;

iv. The Transfer will not result in the Company being subject to the Investment Company Act of 1940, as amended;

v. The transferor or the transferee delivers the following information to the Company: (i) the transferee's taxpayer identification number, and (ii) the transferee's initial tax basis in the Transferred Interest; and

vi. The transferor complies with the provisions set forth in *Section 6.1(d)*.

(b) If the Conditions of Transfer are satisfied, then a Member or Interest Holder may Transfer all or any portion of that Person's Interest. The Transfer of an Interest pursuant to this Section 6.1 shall not result, however, in the Transfer of any of the transferor's other Membership Rights, if any, and the transferee of the Interest shall have no right to: (i) become a Member, (ii) exercise any Membership Rights other than those specifically pertaining to the ownership of an Interest, or (iii) act as an agent of the Company.

(c) Each Member hereby acknowledges the reasonableness of the prohibition contained in this Section 6.1 in view of the purposes of the Company and the relationship of the Members. The Transfer of any Membership Rights or Interests in violation of the prohibition contained in this Section 6.1 shall be deemed invalid, null and void, and of no force or effect. Any Person to whom Membership Rights are attempted to be transferred in violation of this Section shall not be entitled to vote on matters coming before the Members, participate in the management of the Company, act as an agent of the Company, receive distributions from the Company, or have any other rights in or with respect to the Membership Rights.

(d) *Admission of Transferee as Member.* Notwithstanding anything contained herein to the contrary, the transferee of all or any portion of or any interest or rights in any Membership Rights or Interest shall not be entitled to become a Member or exercise any rights of a Member. The transferee shall be entitled to receive, to the extent transferred, only the distributions to which the transferor would be entitled; and the transferee shall not be admitted as a Member unless a Majority in Interest of the Members consent.

6.2. ***Voluntary Withdrawal.*** No Member shall have the right to Voluntarily Withdraw from the Company.

6.3. ***Involuntary Withdrawal.*** Immediately upon the occurrence of an Involuntary Withdrawal, the successor of the withdrawn Member shall thereupon become an Interest Holder but shall not become a Member. If the Company is continued as provided in Section 7.13, the successor

Interest Holder shall have all the rights of an Interest Holder, but shall not be entitled to receive any distribution in liquidation of the value of the Member's Interest as of the date the Member involuntarily withdrew from the Company.

ARTICLE VII

DISSOLUTION, LIQUIDATION, AND TERMINATION OF THE COMPANY

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

- (a) when the period fixed for its duration in *Section 2.4*. has expired;
- (b) upon the unanimous written agreement of the Members; or
- (c) upon the death, retirement, resignation, expulsion, or bankruptcy of a Member or the occurrence of any other event which terminates the continued membership of a Member in the Company, unless a Majority in Interest of the remaining Members, within ninety (90) days after receiving written notice from the Company of the termination of such membership, elect to continue the business of the Company pursuant to the terms of this Agreement.

7.2. **Procedure for Winding Up and Distribution.** If the Company is dissolved, the Managers shall wind up its affairs. On winding up of the Company, the assets of the Company shall be distributed, first, to creditors of the Company, including Interest Holders who are creditors, in satisfaction of the liabilities of the Company, and then to the Interest Holders in accordance with *Section 4.4* of this Agreement.

ARTICLE VIII

BOOKS, RECORDS, ACCOUNTING, AND TAX ELECTIONS

8.1. **Bank Accounts.** All funds of the Company shall be deposited in a bank account or accounts opened in the Company's name. The Managers shall determine the institution or institutions at which the accounts will be opened and maintained, the types of accounts, and the Persons who will have authority with respect to the accounts and the funds therein.

8.2. **Books and Records.** The Managers shall keep or cause to be kept complete and accurate books and records of the Company and supporting documentation of transactions with respect to the conduct of the Company's business. The books and records shall be maintained in accordance with sound accounting practices and shall be available at the Company's principal office for examination by any Member or the Member's duly authorized representative at any and all reasonable times during normal business hours.

8.3. **Annual Accounting Period.** The annual accounting period of the Company shall be the calendar year.

8.4. **Reports.** Within seventy-five (75) days after the end of each taxable year of the Company, the Managers shall cause to be sent to each Person who was a Member at any time during the taxable year then ended a complete accounting of the affairs of the Company for the taxable year then ended. In addition, within seventy-five (75) days after the end of each taxable year of the Company, the Managers shall cause to be sent to each Person who was an Interest Holder at any time during the taxable year then ended, that tax information concerning the Company which is necessary for preparing the Interest Holder's income tax returns for that year. At the request of any Member, and at the Member's expense, the Members shall cause an audit of the Company's books and records to be prepared by independent accountants for the period requested by the Member.

8.5. **Tax Matters Member.** Pedcor shall be the Company's tax matters partner ("Tax Matters Partner"). The Tax Matters Partner shall have all powers and responsibilities provided in Code Section 6231, et seq. The Tax Matters Partner shall keep all Members informed of all notices from government taxing authorities which may come to the attention of the Tax Matters Partner. The Company shall pay and be responsible for all reasonable third-party costs and expenses incurred by the Tax Matters Partner in performing those duties. A Member shall be responsible for any costs incurred by the Member with respect to any tax audit or tax-related administrative or judicial proceeding against any Member, even though it relates to the Company. The Tax Matters Partner shall not compromise any dispute with the Internal Revenue Service without the approval of the Members.

8.6. **Tax Elections.** The Managers shall have the authority to make all Company elections permitted under the Code, including, without limitation, elections of methods of depreciation and elections under Code Section 754. The decision to make or not make an election shall be at the Managers' sole and absolute discretion.

ARTICLE IX

GENERAL PROVISIONS

9.1. **Assurances.** Each Member shall execute all certificates and other documents and shall do all such filing, recording, publishing, and other acts as the Members deem appropriate to comply with the requirements of law for the formation and operation of the Company and to comply with any laws, rules, and regulations relating to the acquisition, operation, or holding of the property of the Company.

9.2. **Notifications.** Any notice, demand, consent, election, offer, approval, request, or other communication (collectively a "notice") required or permitted under this Agreement must be in writing and either delivered personally or sent by certified or registered mail, postage prepaid, return receipt requested. A notice must be addressed to an Interest Holder at the Interest Holder's last

known address on the records of the Company. A notice to the Company must be addressed to the Company's principal office. A notice delivered personally will be deemed given only when acknowledged in writing by the person to whom it is delivered. A notice that is sent by mail will be deemed given three (3) business days after it is mailed. Any party may designate, by notice to all of the others, substitute addresses or addressees for notices; and, thereafter, notices are to be directed to those substitute addresses or addressees.

9.3. ***Specific Performance.*** The parties recognize that irreparable injury will result from a breach of any provision of this Agreement and that money damages will be inadequate to remedy fully the injury. Accordingly, in the event of a breach or threatened breach of one or more of the provisions of this Agreement, any party who may be injured (in addition to any other remedies which may be available to that party) shall be entitled to one or more preliminary or permanent orders (i) restraining and enjoining any act which would constitute a breach or (ii) compelling the performance of any obligation which, if not performed, would constitute a breach.

9.4. ***Complete Agreement.*** This Agreement constitutes the complete and exclusive statement of the agreement among the Members. It supersedes all prior written and oral statements, including any prior representation, statement, condition, or warranty. Except as expressly provided otherwise herein, this Agreement may not be amended without the written consent of all of the Members.

9.5. ***Applicable Law.*** All questions concerning the construction, validity, and interpretation of this Agreement and the performance of the obligations imposed by this Agreement shall be governed by the internal law, not the law of conflicts, of the State of Indiana.

9.6. ***Section Titles.*** The headings herein are inserted as a matter of convenience only and do not define, limit, or describe the scope of this Agreement or the intent of the provisions hereof.

9.7. ***Binding Provisions.*** This Agreement is binding upon, and inures to the benefit of, the parties hereto and their respective heirs, executors, administrators, personal and legal representatives, successors, and permitted assigns.

9.8. ***Jurisdiction and Venue.*** Any suit involving any dispute or matter arising under this Agreement may only be brought in the United States District Court for the Southern District of Indiana or any Indiana State Court having jurisdiction over the subject matter of the dispute or matter. All Members hereby consent to the exercise of personal jurisdiction by any such court with respect to any such proceeding.

9.9. ***Terms.*** Common nouns and pronouns shall be deemed to refer to the masculine, feminine, neuter, singular, and plural, as the identity of the Person may in the context require.

9.10. ***Separability of Provisions.*** Each provision of this Agreement shall be considered separable; and if, for any reason, any provision or provisions herein are determined to be invalid and contrary to any existing or future law, such invalidity shall not impair the operation of or affect those portions of this Agreement which are valid.

9.11. **Counterparts.** This Agreement may be executed simultaneously in two or more counterparts, each of which shall be deemed an original and all of which, when taken together, constitute one and the same document. The signature of any party to any counterpart shall be deemed a signature to, and may be appended to, any other counterpart.

9.12. **Estoppel Certificate.** Each Member shall, within ten (10) days after written request by any Member, deliver to the requesting Person a certificate stating, to the Member's knowledge, that: (a) this Agreement is in full force and effect; (b) this Agreement has not been modified except by any instrument or instruments identified in the certificate; and (c) there is no default hereunder by the requesting Person, or if there is a default, the nature and extent thereof.

(The remainder of this page intentionally left blank.)

IN WITNESS WHEREOF, the parties have executed, or caused this Agreement to be executed, under seal, as of the date set forth hereinabove.

HOUSING AUTHORITY OF CLACKAMAS
COUNTY, OREGON

By: _____

Name: _____

Title: _____

PEDCOR INVESTMENTS,
A LIMITED LIABILITY COMPANY

By: _____

Thomas G. Crowe,
Executive Vice President

2017 HOUSING PARTICIPANTS, LLC

By: _____

Jared M. Houser
Manager

Thomas G. Crowe

The Craig H. Lintner Revocable Trust Dated
December 21, 2016 and as subsequently amended

Jared M. Houser

**Rosewood Terrace Housing Company, LLC
Operating Agreement**

**Exhibit A
List of Members, Capital and Percentages**

<u>Name, Address and Taxpayer I.D. Number</u>	<u>Initial Cash Capital Contribution</u>	<u>Percentages</u>
Housing Authority of Clackamas County, Oregon 13900 South Gain Street Oregon City, OR 97045	\$0.00	25%
Pedcor Investments, A Limited Liability Company One Pedcor Square 770 3 rd Avenue, S.W. Carmel, IN 46032	\$0.00	49.9%
2017 Housing Participants, LLC One Pedcor Square 770 3 rd Avenue, S.W. Carmel, IN 46032	\$0.00	9.1%
Thomas G. Crowe 8674 Moon Bay Circle Indianapolis, IN 46236	\$0.00	3%
Craig H. Lintner Revocable Trust Dated December 21, 2016 and as Subsequently Amended 5719 Country View Drive Pittsboro, IN 46167	\$0.00	10%
Jared M. Houser 11012 Latonia Lane Indianapolis, IN 46280	\$0.00	3%
TOTAL	\$0.00	100%

KUTAK ROCK LLP
DRAFT 10/24/17

AMENDED AND RESTATED AGREEMENT
OF
LIMITED PARTNERSHIP
OF
PEDCOR INVESTMENTS-2016-CLV, LIMITED PARTNERSHIP

**AMENDED AND RESTATED AGREEMENT OF
LIMITED PARTNERSHIP
OF
PEDCOR INVESTMENTS-2016-CLV, LIMITED PARTNERSHIP**

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AMENDED AND RESTATED AGREEMENT

OF

LIMITED PARTNERSHIP

OF

PEDCOR INVESTMENTS-2016-CLV, LIMITED PARTNERSHIP

This Amended and Restated Agreement of Limited Partnership of Pedcor Investments-2016-CLV, Limited Partnership, dated and effective as of the [__] day of January, 2018, is made by and among:

Rosewood Station Housing Company, LLC
an Indiana limited liability company,
as the General Partner,

The Housing Authority of Clackamas County
an Oregon public body corporate and politic,
as the Special Limited Partner,

Pedcor Investments, A Limited Liability Company,
a Wyoming limited liability company,
as the Withdrawing Limited Partner,

and

U.S. Bancorp Community Development Corporation,
a Minnesota corporation,
as the substitute Limited Partner.

RECITALS

Pedcor Investments-2016-CLV, Limited Partnership (the “*Partnership*”) was originally formed as an Oregon limited partnership with the filing of the Certificate of Limited Partnership with the Secretary of State of Oregon on August 4, 2016. The Partnership has been operating pursuant to a written partnership agreement dated August 2, 2016, having Rosewood Station Housing Company, LLC, an Indiana limited liability company, as General Partner, and Pedcor Investments, A Limited Liability Company, a Wyoming limited liability company, as the Limited Partner (the “*Initial Partnership Agreement*”). The parties hereto desire to further amend and restate the Initial Partnership Agreement in order to cause the withdrawal of the Withdrawing Limited Partner, the admission of the Limited Partner and Special Limited Partner each as a limited partner, and to set forth more fully the rights, obligations, and duties of the General Partner, the Limited Partner and Special Limited Partner.

Accordingly, in consideration of the foregoing, of the mutual promises of the parties hereto, and of other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto, intending legally to be bound, hereby agree as follows:

ARTICLE I

CONTINUATION AND BUSINESS PURPOSE

1.1 Restatement and Continuation of Partnership

Effective immediately after admission to the Partnership of the Limited Partner and the Special Limited Partner, said admission to be evidenced by full execution of this Agreement, the Withdrawing Limited Partner hereby withdraws as a limited partner of the Partnership. The General Partner, the Special Limited Partner and the Limited Partner, constituting all of the Partners of the Partnership, hereby amend and restate the Initial Partnership Agreement in its entirety and continue the Partnership under the Act. By execution of this Agreement, the Withdrawing Limited Partner hereby confirms and agrees that it hereby waives, remises and forever quitclaims any and all right, title, claim or interest in the Partnership, its Partnership Interest, the Project and/or in Partnership and Project assets, and waives and releases any and all right, title and interest in and to its Capital Account and any and all amounts contributed or advanced to the Partnership on or prior to the date hereof. Further, the Withdrawing Limited Partner hereby represents and warrants that it (i) has not assigned, pledged, or transferred its Partnership Interest, or any part thereof or any interest therein, on or prior to the date hereof, and (ii) has owned the same, free from encumbrances and third party claims and interests therein since the date of commencement of the term of the Partnership.

1.2 Partnership Name

The name of the Partnership is “Pedcor Investments-2016-CLV, Limited Partnership”

1.3 Principal Place of Business

The principal office of the Partnership and the office to be maintained pursuant to the Act shall be located at One Pedcor Square, 770 3rd Avenue, Carmel, Indiana 46032. The principal

place of business of the Partnership shall be located at One Pedcor Square, 770 3rd Avenue, Carmel, Indiana 46032.

1.4 Registered or Resident Agent

The name and address of the registered or resident agent of the Partnership for service of process are Corporation Service Company, 1127 Broadway Street, N.E., Suite 310, Salem, Oregon 97301.

1.5 Title to Project

Legal title to the Project shall be in the name of the Partnership, and no Partner, individually, shall have any ownership of such Project.

1.6 Purposes of the Partnership

The purposes, nature, and general character of the business of the Partnership shall consist of:

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

(b) During the Compliance Period, operating the Credit Units in compliance with the provisions of Section 42 of the Code; and

(c) Carrying on any and all activities ancillary or otherwise related to the foregoing in accordance with this Agreement.

The Partnership shall have all powers necessary to accomplish such purposes. Except as provided above, the Partnership shall engage in no other business or activity and the purposes of this Partnership and the nature and character of its business shall not be extended, by implication or otherwise, except by Consent of the Limited Partner.

1.7 Partnership Term

The term of the Partnership commenced on August 4, 2016, and shall continue until December 31, 2066, unless sooner terminated in accordance with Article XII. Upon dissolution of the Partnership, the General Partner shall take all actions necessary to terminate the Partnership in accordance with requirements of the Act.

1.8 Filing of Certificate

The Certificate creating the Partnership was filed August 4, 2016 with the Oregon Secretary of State. Immediately after the execution of this Agreement by the Partners, the General Partner shall, if required, cause the Certificate to be amended and filed in accordance with the Act. The General Partner shall immediately cause a copy of such Certificate, and all

amendments, with evidence that the Certificate, and all such amendments, were filed in accordance with the Act, to be furnished to the Limited Partner.

ARTICLE II

CERTAIN DEFINITIONS

2.1 General Terms

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

Accountants: Baker Tilly Virchow Krause, LLP (“**BT**”) as to the Partnership financial projections and the determination of any Credit adjuster calculations under Section 3.3, and Dauby, O’Connor and Zaleski, LLC (“**DOZ**”) or such other firm of independent certified public accountants that receives the Consent of the Limited Partner in all other events, including but not limited to, the Cost Certifications, the calculation of the Credits under Section 3.3, the determination of profits and losses, annual tax returns, K-1’s and all other accounting matters for the Partnership.

Act: The Oregon Uniform Limited Partnership Act or any corresponding provision or provisions of succeeding law, as it or they may be amended from time to time.

Additional Interest: The interest due on the Bonds in excess of the Pass-Through Rate. Payment of Additional interest shall be subject to and payable solely from available Surplus Cash and Sale Proceeds; provided however to the extent that additional interest is payable from Surplus Cash such payments shall be payable solely from up to 75% of such available Surplus Cash.

Admission Date: The date on which the Limited Partner is admitted to the Partnership, which shall be deemed to be the date of execution of this Agreement by all parties hereto.

Affiliate: As to any Partner: (i) any such Partner, (ii) any entity of which a majority of the voting interests is owned by any one or more of the Persons referred to in the preceding clause (i); (iii) any officer, director, trustee, stockholder or member (ten percent (10%) or more) or partner or member of any Person referred to in the preceding clauses (i) and (ii); and/or (iv) any Person directly or indirectly controlling (ten percent (10%) or more), or under direct or indirect common control with or by, any Person referred to in the preceding clauses (i), (ii), (iii). The term Affiliate shall include, but not be limited to Pedcor Development Associates, LLC, Pedcor Investments, A Limited Liability Company, Pedcor Management Corporation, Pedcor Construction Management, LLC and Signature Construction.

Agreement: This Amended and Restated Agreement of Limited Partnership of Pedcor Investments-2016-CLV, Limited Partnership, including all of the exhibits attached hereto and made a part hereof, as amended (in accordance with Section 15.1) and in effect from time to time.

Agreement for Construction Services: The Agreement for Construction Services dated January ____, 2018, by and between the Partnership and Pedcor Construction Management, LLC. The parties acknowledge that the General Contractor may subcontract certain construction obligations to Signature Construction.

Annual Operating Budget: A budget prepared in accordance with Section 13.3(a)(3) for the ownership and operation of the Project and the Partnership, reflecting the reasonably projected income and expenses for the following Fiscal Year and payments budgeted into, and disbursements budgeted from, Reserves for such year, that has been reviewed by the Limited Partner pursuant to Section 13.3(a)(3).

Architect: DELV Design Studio LLC, its successors (provided that the same party actually providing such services to the Partnership continues to provide such services) or permitted assigns.

Architectural and Engineering Services Agreement: The Architectural and Engineering Services Agreement dated January ____, 2018 made by and between the Partnership and Pedcor Investments, A Limited Liability Company.

Asset Management Fee: The annual fee payable to USBCDC respecting Project and Partnership review, as set forth in Section 11.2.

Bonds: Up to [\$29,579,128] Housing Authority of Clackamas County Multifamily Housing Revenue Bonds (Rosewood Station Apartments Project), Series 2017 anticipated to be purchased by the Bond Purchaser.

Bond Issuer: Housing Authority of Clackamas County, an Oregon public body corporate and politic.

Bond Loan: The Loan made by the Bond Issuer to the Partnership pursuant to that certain Financing Agreement dated as of January 1, 2018, and secured by certificates, which will be guaranteed as to the timely payment of principal and interest by the Government National Mortgage Association (“Ginnie Mae”) pursuant to the National Housing Act and the regulations promulgated thereunder.

Bond Purchaser: United Fidelity Bank FSB and/or International City Bank, N.A and their successors and assigns.

Bridge Loan: That certain Loan described in Exhibit A-4 hereof.

Capital Account: The capital account maintained by the Partnership for each Partner, determined in accordance with Section 7.5.

Capital Contribution: The total amount of cash or any cash equivalents and the agreed upon value of any property contributed or agreed to be contributed to the Partnership by each Partner, including all adjustments thereto, as provided in this Agreement and Exhibit A. Any reference in this Agreement to the Capital Contribution of a substituted Partner shall include all Capital Contributions previously made by any predecessor or former Partner of the Interest

acquired by the substituted Partner, and shall be subject to all adjustments thereto pursuant to this Agreement.

Capital Installment: Each installment of Capital Contribution as set forth on Exhibit A-1.

Capital Installment Due Date: The date on which any Capital Installment (or portion thereof) is due and payable pursuant to Section 3.2(d).

Capital Installment Notice: The Notice to be delivered to the Limited Partner by the General Partner set forth on Exhibit A-2.

Capital Percentage: Each Partner's Interest in Capital Proceeds, as set forth in Section 8.2 and Exhibit A-3.

Capital Proceeds: The proceeds from (i) any sale or exchange of any of the assets of the Partnership, (ii) any casualty, condemnation, or other loss affecting the Project or any portion thereof resulting in the receipt of insurance proceeds (other than rent loss or business interruption insurance) or condemnation payments, except to the extent of proceeds applied to the restoration, reconstruction, or replacement of the Project, (iii) any financing or refinancing of the Project (including the disbursement of any proceeds of any such loan, whenever made, that are available to be distributed to the Partners), or (iv) any other transaction the proceeds of which are deemed attributable to capital under generally accepted accounting principles less (a) all costs and expenses incurred by the Partnership in connection with the transaction giving rise to such proceeds, including, if applicable, a market (at the time of sale) broker fee payable to a third party broker; (b) all principal and interest payments and other sums paid on or with respect to any indebtedness of the Partnership then due and payable (excluding the Disposition Loan and the HOME Loan, amounts due and owing with respect to Additional Interest, Partner Loans and Development Fee Advances); (c) amounts required by this Agreement or amounts receiving the Consent of the Limited Partner to be set aside in reserves; and (d) any Partnership Expenses then due and payable and for which there are insufficient Partnership gross revenues to pay; provided, that in no event shall the making of any Capital Contribution or Partner Loan give rise to any Capital Proceeds.

Cash Flow: The amount determined by the Partners for any Fiscal Year, or portion thereof, equal to the excess, if any, of all (i) gross revenue collected directly or indirectly from the operations of the Project (excluding Loans and advances made on the Disposition Loan and the HOME Loan, condemnation and casualty proceeds, Capital Proceeds, and tenant security deposits, and interest thereon, unless forfeited to the Partnership) and of the Partnership (excluding Capital Contributions and interest earned on Reserves which is retained as part of the Reserve, until released from the Reserve) ("*Partnership Net Revenues*"), as reduced, dollar for dollar, by Partnership Expenses.

Certificate: The Certificate of Limited Partnership that was prepared and filed in accordance with the Act, as such Certificate may be amended from time to time.

CDBG Loan: That certain loan as detailed on the attached Exhibit A-4.

Change in Law: An amendment to the Code or Treasury Regulations that is applicable to the Project.

City: The City of Happy Valley, Oregon.

Civil Engineer: Cardno, Inc.

Closing IRR: An internal rate of return (“*IRR*”) of 6.00% calculated using a tax rate of 20%, provided, however, for purposes of the Closing IRR calculation set forth in Section 3.3(a)(i) and (ii) and 3.3(b) hereof, no more than two quarters of any delay by the Limited Partner in funding the Third and/or Fourth Capital Installments due to the Project not achieving the end of the Stabilization Period shall be given effect in determining this calculation.

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

Completion Date: The last to occur of the following: (i) the date which is expected to occur on or prior to the Target Completion Date, on which the construction of all of the buildings and Units constituting the Project have been completed, in a good and workmanlike manner, defect-free and free from mechanic’s and materialmen’s liens, and in accordance with all applicable laws and codes and the relevant Project Documents and all environmental remediation laws, as evidenced by an AIA G704 certificate of substantial completion prepared and executed by the Architect (and concurrence therewith by the Limited Partner’s independent inspection construction and disbursement advisor), indicating that construction of the Project, and all improvements, have been completed in accordance with the relevant Project Documents, except for non-material punch list items that do not impede the rental of the space in the Project on a full rent paying basis and an ALTA as built survey of the Project, each of which receive the Consent of the Limited Partner, provided funds have been placed in escrow to provide for the completion of such punch list items in form, substance and amount acceptable to the Limited Partner, and (ii) the receipt of a permanent certificate of occupancy for the buildings comprising the Project and one hundred percent (100%) of the Units in the Project or, if not available, a written statement from the City of Happy Valley certifying that construction of the Project is complete.

Compliance Manager: As defined in Section 11.1.

Compliance Period: When used with respect to a building in the Project, means the period specified in Section 42(i)(1) of the Code with respect to such building and when used with respect to the Project as a whole, means the period starting with the beginning of the first period under Section 42(i)(1) to start for any building in the Project and ending with the end of the last period under Section 42(i)(1) to end for any building in the Project.

Consent of the General Partner: The written consent, approval or direction of the General Partner, which shall be obtained prior to the taking of any action for which it is required hereunder. If there is more than one General Partner, Consent of the General Partner shall require the affirmative consent of General Partners holding at least a majority of the aggregate Percentage Interests of the General Partners.

Consent of the Limited Partner: The written consent, approval or direction of the Limited Partner which shall be obtained prior to the taking of any action for which it is required hereunder. If there is more than one Limited Partner, Consent of the Limited Partner shall require the affirmative consent of Limited Partners holding at least a majority of the aggregate Percentage Interests of the Limited Partners.

Consent of the Special Limited Partner: The written consent, approval or direction of the Special Limited Partner which shall be obtained prior to the taking of any action for which it is required hereunder. If there is more than one Special Limited Partner, Consent of the Special Limited Partner shall require the affirmative consent of Special Limited Partners holding at least a majority of the aggregate Percentage Interests of the Special Limited Partners.

Construction Contract: Collectively, the Agreement for Construction Services and that certain HUD Form 92442M Construction Contract, as dated January ____, 2018, by and between the Partnership and General Contractor.

Construction Documents: The Construction Contract and the Architectural and Engineering Services Agreement.

Construction Inspector: Capital Consultants, Inc., a Missouri corporation.

Contractor Fee: The fee payable to the General Contractor in the amount of fourteen percent (14%) of the cost of the “Work” (as such term is defined in the Construction Contract).

Contractor Fee Advance: An advance to the Partnership by the General Partner, pursuant to Section 5.12 and Exhibit A-5.

Cost Certification: Certification of the costs of the Project and the amount of the applicable Credit, based on the eligible basis, the qualified basis and Credit percentage applicable to the Project, prepared by the Accountants and acceptable to the Limited Partner.

Credit: The Low-Income Housing Tax Credit provided for under Section 42 of the Code, including the thirty percent (30%) present value credit (the “**Federal Low-Income Credits**”) available respecting the Project.

Credit Adjuster Advance: A payment made by the General Partner, pursuant to Section 3.3.

Credit Deficiency: All adjustments to Credit pursuant to Section 3.3, other than any Upward Adjusters pursuant to Section 3.3(a)(ii).

Credit Period: The credit period with respect to all buildings in the Project, as defined in Section 42(f) of the Code.

Credits at Completion: The aggregate amount of Credits to be received by the Limited Partner based upon the Cost Certification.

Credit Units: Units that are operated in a manner so as to qualify as low-income units within the definition of Section 42(i)(3) of the Code, which in this Project shall consist of two hundred and twelve (212) of the total Units, constituting 100% of the Project.

Deferred Development Fee: As set forth in the Development Services Agreement.

Developer: Pedcor Development Associates, LLC, its successors (provided that the same party actually providing such services to the Partnership continues to provide such services) and permitted assigns.

Development Advances: The advances to the Partnership to be made by the General Partner in the amounts and under the circumstances provided in Section 5.9(b).

Development Fee: The fees earned and payable pursuant to the Development Services Agreement.

Development Fee Advance: An advance to the Partnership by the General Partner pursuant to Section 5.11.

Development Fee Sharing Agreement: The Development Fee Sharing Agreement between Developer and Special Limited Partner dated as of January __, 2018.

Development Services Agreement: The Development Services Agreement attached hereto as Exhibit C.

Disposition Loan: That certain Loan in an amount not to exceed \$[1,605,000] made by the Housing Authority to the Partnership.

Easements: All of those easements for utilities, waterline, sanitary sewage, drainage and access encumbering or benefitting the Project, whether identified in Schedule A and/or Schedule B to the Title Policy or not.

Environmental Hazard: Any hazardous or toxic substance, waste or material, or any other substance, pollutant, or condition that poses a risk to human health or the environment, including, but not limited to: (i) any “hazardous substance” as that term is defined under the Comprehensive Environmental Response, Compensation and Liability Act of 1980, 42 U.S.C. Section 9601, et seq. as amended; (ii) petroleum in any form, lead-based paint, asbestos, urea formaldehyde insulation, methane gas, polychlorinated biphenyls (“PCBs”), radon, mold or lead in drinking water, except for ordinary and necessary quantities of office supplies, cleaning materials and pest control supplies stored in a safe and lawful manner and petroleum products contained in motor vehicles; (iii) any underground storage tanks; (iv) accumulations of mining debris or spent batteries; or (v) any other condition that could result in liability for an owner or operator of the Project under any Environmental Law.

Environmental Laws: (i) The Clean Air Act, as amended, 42 U.S.C. Sections 7401-7642; (ii) the Clean Water Act, as amended, 33 U.S.C. Sections 1251-1387; (iii) the Resource Conservation and Recovery Act of 1976, as amended, 42 U.S.C. Sections 6901-6991K; (iv) the Toxic Substance Control Act, as amended, 15 U.S.C. Sections 2601-2671; (v) the Safe Drinking

Water Control Act, as amended, 42 U.S.C. Sections 300f-300i-26; (vi) the Comprehensive Environmental Response, Compensation and Liability Act of 1980, 42 U.S.C. Section 9601, et seq. as amended; (vii) the Occupational Safety and Health Act of 1970, as amended, 19 U.S.C. Section 651, et. seq.; (viii) the Residential Lead-Based Paint Hazard Reduction Act of 1992, as amended; and (ix) any other federal, state, or local law, regulation, rule, or ordinance applicable to the Project pertaining to public health or employee health and safety.

Environmental Reports: The Phase I Environmental Site Assessment dated August 30, 2017, prepared by Arkose Environmental, Inc., and the following supplemental reports: The Limited Phase II Investigation report, dated February 15, 2016, prepared by Arkose Environmental, Inc.; the HUD Form 4128 report, August 30, 2017, prepared by Arkose Environmental, Inc.; the Underground Storage Tank Decommissioning report, dated April 2016, prepared by PBS Engineering and Environmental; the Pre-Demolition Asbestos and Lead Paint Survey report dated April 2016, prepared by PBS Engineering and Environmental and the Geotechnical Investigation Foundation & Pavement Thickness Recommendations, dated November 2016, prepared by MLA Labs, Inc.

Event of Bankruptcy: With respect to any Person:

(a) The commencement by such Person of a voluntary case under applicable federal bankruptcy laws, or any other applicable federal or state bankruptcy, insolvency or similar law, or the consent by such Person to the appointment of or taking possession by a receiver, liquidator, assignee, trustee, custodian, sequestrator (or other similar official) for such Person or for any substantial part of his or its property, or the making by such Person of any assignment for the benefit of creditors, or the taking of action by such Person in furtherance of any of the foregoing;

(b) The commencement against such Person of an involuntary case under applicable federal bankruptcy laws, or any other applicable federal or state bankruptcy insolvency or similar laws which has not been vacated or discharged within sixty (60) days, or the entry of a decree or order for relief by a court having jurisdiction in respect of such person or the appointment of a receiver, liquidator, trustee (or other similar official) for such person and the continuance of such decree, order or appointment unstayed for a period of sixty (60) days;

(c) The admission by such Person of his or its inability to pay his or its debts as they become due; or

(d) Such Person becoming “insolvent”, as insolvency is or may be defined pursuant to the federal bankruptcy laws, the Uniform Fraudulent Conveyances Act, any state or federal act or law, or the ruling of any court.

Event of Default: Any event set forth in Section 9.2(a) of this Agreement.

Extended Use Agreement: The agreement to be entered into between the Partnership and the HCA as required pursuant to Section 42(h)(6) of the Code.

Extended Use Period: The period specified in Section 42(h)(6)(D) of the Code which will be thirty (30) years with respect to the Project.

Fair Market Value: A valuation of the applicable asset or Interest based upon an appraisal, pursuant to Section 14.2, and as regards valuation of an Interest, the applicable calculations of the Accountants.

FHA: The Federal Housing Administration of the United States Department of Housing and Urban Development.

Final Determination: With respect to any issue, the earliest to occur of: (i) a decision, judgment, decree, or other order being issued by any court of competent jurisdiction, which decision, judgment, decree, or other order has become final (i.e., all allowable appeals requested by the parties to the action have been exhausted or the time for such appeals has expired); (ii) the IRS having entered into a binding agreement with the Partnership or a Partner or having reached a final administrative or judicial determination which, whether by law or agreement, is not subject to appeal (or for which the period of appeal has expired without appeal); (iii) the expiration of the applicable statute of limitations; or (vi) the filing of a federal information return or an amended federal information return by the Partnership or a Partner.

First Mortgage Loan: The first mortgage construction/permanent loan made by P/R Mortgage & Investment Corp., an Indiana corporation, to the Partnership in the amount of up to **[\$29,579,128]** to be insured by the FHA pursuant to Section 221(d)(4) of the National Housing Act of 1934, as amended, and secured by a first mortgage lien on the Project, as further described in Exhibit A-4 hereof.

Fiscal Year: The fiscal year of the Limited Partner or such other year that the Partnership is required by the Code to use as its taxable year. As of the Admission Date, the Fiscal Year is the year ending December 31, subject to modifications with the Consent of the Limited Partner and/or as required by the Code.

General Contractor: Pedcor Construction Management, LLC, and its successors (provided that the same party actually providing such services to the Partnership continues to provide such services) and permitted assigns.

General Partner: Rosewood Station Housing Company, LLC, an Indiana limited liability company, its successors and permitted assigns, and any additional or substitute general partners of the Partnership named in any duly adopted amendment to this Agreement. If there is more than one general partner, the term “General Partner” shall refer individually, collectively, jointly and severally, to all such general partners.

Guarantor: Pedcor Development Associates, LLC, Pedcor Investments, A Limited Liability Company, Bruce A. Cordingley, Gerald K. Pedigo and Phillip J. Stoffregen; provided, however, that the guaranty of Gerald K. Pedigo shall terminate as of the Completion Date and the assets of Mr. Pedigo which are subject to the Guaranty shall be limited as more particularly set forth in the Guaranty. If there is more than one Guarantor, the term “Guarantor” means each and every Guarantor, jointly and severally.

Guaranty: The Guaranty of even date herewith, a copy of which is attached hereto as Exhibit D.

HACC Interest: Together, the Special Limited Partner Interest owned by the Housing Authority and the interest in the General Partner owned by the Housing Authority GP Member.

HAP Contract: That certain Housing Assistance Payments Contract between the Partnership and the Housing Authority of Clackamas County, under which rental subsidy payments respecting twenty (20) Credit Units shall be provided to the Partnership, over an initial term of at least fifteen (15) years.

HCA: Oregon Housing and Community Services.

HOME Loan: That certain loan not to exceed the amount of up to **[\$1,395,000]** made by the Housing Authority to the Partnership.

Housing Authority: The Housing Authority of Clackamas County, a public body corporate and politic of the State of Oregon.

Housing Authority GP Member: **[HACC TBD, LLC]**, an Oregon limited liability company, which is wholly owned by the Special Limited Partner.

Housing Authority Loan: That certain loan not to exceed the amount of up to **[\$1,605,000]** made by the Housing Authority to the Partnership solely to pay applicable Additional Interest with respect to the Bond Loan, secured by a third priority deed of trust.

HUD: The Department of Housing and Urban Development.

HUD Final Endorsement: The final Endorsement of the First Mortgage Loan by FHA for FHA insurance pursuant to Section 221(d)(4) of the National Housing Act.

HUD Loan Documents: The HUD Regulatory Agreement, the Multifamily Deed of Trust, Assignment of Leases and Rents and Security Agreement evidencing the First Mortgage Loan, and the Note evidencing the First Mortgage Loan, each dated as of even date herewith.

HUD Regulatory Agreement: The Regulatory Agreement for Multifamily Housing Projects by and between HUD and the Partnership pursuant to which the Partnership has agreed to comply with the terms of the mortgage insurance program under Section 221(d)(4) of the National Act.

Interest: As to any Partner, such Partner's right, title, and interest in and to any and all assets, distributions, losses, profits and shares of the Partnership, whether cash or otherwise, and any other interests and economic incidents and obligations of ownership whatsoever of such Partner in the Partnership.

IRS: The Internal Revenue Service.

Lease-up Period: The period commencing on the date that the first Unit in the Project is marketed for occupancy and ending when the Project achieves initial one hundred percent (100%) Qualified Occupancy for the two hundred and twelve (212) Credit Units and ninety-three percent (93%) current physical occupancy of all Units. Initial 100% Qualified Occupancy for the Credit Units is expected on or before December 1, 2020 and 93% physical occupancy of all Units is expected on or before December 1, 2020.

Lender: The payee under each of the Loans, together with any successors or assigns in such capacity.

Limited Partner: U.S. Bancorp Community Development Corporation, a Minnesota corporation, its successors and permitted assigns, and any Person who becomes a Substitute Limited Partner as provided herein, in each such person's capacity as a limited partner. If there is more than one limited partner of the Partnership, the term "Limited Partner" shall refer collectively to all such limited partners, but provided, however, that the term "limited partner" shall in no event include the Special Limited Partner unless otherwise specifically provided herein.

Loan Documents: With respect to each Loan, any and all documents executed by the Partnership in connection with such Loan.

Loan Notes: The notes executed by the Partnership in favor of the Lender of each of the Loans.

Loans: The loans shown on Exhibit A-4.

Management Agent: Pedcor Management Corp., an Indiana corporation, or any successor management agent retained in accordance with this Agreement.

Management Agreement: The management agreement between the Management Agent and the Partnership, together with the Addendum to the Management Agreement thereto, dated as of January [___], 2018, or any subsequent management agreement acceptable to the Limited Partner which may be entered into between the Partnership and the Management Agent in the future.

Market Rate Units: Units that are not Credit Units; this Project has zero (0) Market Rate Units.

METRO Loan: That certain loan as detailed on the attached Exhibit A-4 hereto.

Mortgages: The mortgages or deeds of trust and security agreements which secure the applicable Loans.

MOU: The Memorandum of Understanding between the Special Limited Partner and Pedcor Investments, LLC dated as of February 4, 2015.

Notice: A writing containing the information required by this Agreement and sent by registered or certified mail, postage prepaid, return receipt requested, or sent by commercial

delivery service, by recognized overnight delivery service, by hand delivery, or telecopy to a Partner at the last address or addresses designated for such purpose by such Partner pursuant to Section 15.2. Any such Notice will be deemed received on the earlier of: (i) the date of receipt of such registered mail or certified mail (or confirmation of refusal thereof); (ii) three (3) business days after deposit of such Notice in the U.S. Mail, postage prepaid, addressed to the Partner at the applicable address for Notices delivered by mailing; (iii) the date of actual receipt of such Notice by commercial delivery service or hand delivery; and (iv) date of confirmation of delivery of a telecopy. A Notice hereunder may be preceded by electronic delivery, but the electronic delivery itself shall not constitute Notice for purposes of this definition.

Operating Deficit: The amount by which Partnership Expenses plus any required funding of the Replacement Reserve in accordance with Exhibit A-7 exceed the sum of collected gross receipts from the Project (including government subsidies actually received during such period, but excluding Loans, advance rent payments, nonforfeited tenant deposits, casualty and condemnation proceeds, Capital Contributions and Capital Proceeds).

Operating Deficit Advance: A loan to the Partnership by the General Partner, which shall be required under the circumstances described in Section 5.10.

Operating Reserve: The reserve to be funded in accordance with Exhibit A-7.

Partner or Partners: Each of the General Partner, the Special Limited Partner and the Limited Partner.

Partner Loan: A loan to the Partnership by a Partner as permitted by this Agreement, including, without limitation, an Operating Deficit Advance.

Partnership: Pedcor Investments-2016-CLV, Limited Partnership, an Oregon limited partnership formed under and pursuant to the Act.

Partnership Expenses: All costs, debts and expenses of any type incurred, on an accrual basis, incident to the ownership and operation of the Project and the Partnership, including, without limitation, payments of taxes, insurance, required payments of principal and interest on any Loans not paid out of Cash Flow (and the funding of all Reserves which are not funded from Cash Flow, all as further set forth in Exhibit A-7, and any other reserves required by any Lender or the HCA), audit expenses, HCA compliance costs, and any other Partnership obligations and costs of capital improvements to the Project incurred after the Completion Date, to the extent such Partnership Expenses are not paid from Reserves (described on Exhibit A-7), insurance or condemnation proceeds, Loans, Capital Contributions or Capital Proceeds. By way of clarification, Partnership Expenses shall not include depreciation and amortization taken into account for federal income tax purposes. For purposes of calculating Required Debt Service Coverage, Partnership Expenses shall not include cost of capital improvements.

Partnership Management Agreement: That certain agreement by and between the Partnership and the General Partner, attached hereto as Exhibit E, whereby, in exchange for the Partnership Management Fee, the General Partner will perform those certain services as detailed therein.

Partnership Management Fee: That certain Partnership management fee payable to the General Partner, pursuant to Exhibit E.

Partnership Net Revenues: As defined in item (1) of the definition of “Cash Flow”.

Pass-Through Rate: shall mean 2.50%.

Pedcor Investments, LLC: Pedcor Investments, A Limited Liability Company, its successors and assigns.

Percentage Interest: As to any Partner, the percentage in the Partnership shown opposite the name of such Partner in Exhibit A and Exhibit A-3, as they may be amended from time to time in accordance with this Agreement.

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

Plans and Specifications: The final signed and sealed Plans and Specifications along with any and all addendums for the Project, prepared by the Architect, as more specifically set forth on Exhibit O attached hereto, reviewed and accepted by the Limited Partner, and stamped as “approved” by the local jurisdiction together with any change orders approved in accordance with this Agreement and the Loan Documents.

Project: The aggregate of the individual buildings, Units, and the common areas constituting the Partnership’s fee interest in the improvements constructed or to be constructed thereon, known as Rosewood Station Apartments, which will contain two hundred twelve (212) Units in six (6) buildings and not less than two hundred twenty one (221) adjacent parking spaces, which Project is located in Happy Valley, Clackamas County, Oregon, the legal description of which is set forth on Exhibit B attached and made a part hereof, together with all easements, servitudes and other rights and benefits appurtenant thereto.

Project Documents: The Construction Contracts, Plans and Specifications, agreements with architects, engineers, environmental abatement consultants and contractors and other third party contractors disclosed in writing to the Limited Partner, agreements with the Management Agent, all operating and maintenance plans of the Partnership, including, without limitation, plans entered into in order to implement recommendations of the Environmental Reports, if any, agreements with the General Partner and its Affiliates, agreements with the Special Limited Partner and its Affiliates, the Guaranty, the Extended Use Agreement, the Easements, all documents referenced in Schedule A and/or B to the Title Policy, all documents pertaining to the Property Tax Exemption with respect to the Project, the Agreement for Construction Services, this Agreement and all exhibits hereto, the Loan Documents, the Construction Documents and any other document or instrument executed in connection with any of the aforesaid documents, as such documents may be amended from time to time in accordance with the terms of this Agreement.

Projected Credit Amount: The aggregate, or annual, as the context requires, Credit anticipated to be generated by the Project, as specified on Exhibit A-3 and adjusted pursuant to Section 3.3(a), 3.3(b) and 3.3(c).

Projected Rents: The monthly rental amounts for each Unit in the Project set forth in the Projections.

Projections: The Accountant's projections of the anticipated results of the operation of the Partnership prepared by the Accountants and attached hereto as Exhibit F to this Agreement, which have been reviewed and approved by the General Partner and Special Limited Partner as the same may be adjusted and updated in accordance with Section 3.3(a).

Property Tax Exemption: As defined in Section 5.7(x).

Qualified Occupancy: The initial occupancy of a Credit Unit pursuant to a lease having an original term of not less than six months by a Qualifying Tenant at rents which do not exceed the lesser of: (A) the rents permitted pursuant to Section 42 of the Code and its implementing regulations and (B) the rents approved by the HCA.

Qualifying Tenant: A tenant whose income does not exceed the lesser of (i) the relevant limit set forth in Section 42(g)(1) of the Code, and the Credit application, which is 60% of the applicable area median gross income, as adjusted for family size and (ii) applicable income limitations imposed by the HCA. Further, twenty percent (20%) of the HOME-assisted Units (as determined by applicable HOME Investment Partnership Act requirements) in the Project must be occupied by households with income at or below fifty percent (50%) and (80%) of such area median gross income, as applicable.

Replacement Reserve: The Project replacement reserve to be funded pursuant to Exhibit A-7.

Repurchase Price: The price to be paid by the General Partner to the Limited Partner in accordance with the provisions of Section 5.14.

Required Debt Service Coverage: Following the Completion Date and completion of the Lease-up Period, Cash Flow (computed for purposes of this paragraph before payment of any debt service on the Loans or costs of capital improvements) over a twelve (12) month reporting period which equals or exceeds one hundred fifteen percent (115%) of twelve (12) months of scheduled principal and interest payments on any Loan with fixed and required debt service payments, based upon the actual Project income, and with expenses, on an accrual basis, based upon actual expenses, each acceptable to the Limited Partner. Respecting the determination of the Stabilization Period in Section 5.9, the Required Debt Service Coverage shall be calculated in substantial accordance with Exhibit Q. Respecting the calculation of the Required Debt Service Coverage under Section 5.10, such income and expense numbers shall be supported by the annual audit. Also, in the event the Required Debt Service Coverage is not met as required in Exhibit A-1 of this Agreement, the General Partner, or any of its Affiliates shall be entitled to pay down the principal of any loan and adjust debt service payments to allow the Partnership to meet a Required Debt Service Coverage, of 115%, as permitted by the Lender of the First

Mortgage Loan, or, in the alternative establish the Contingent Debt Service Reserve as further described in Exhibit A-7.

Reserves: The Replacement Reserve, the Operating Reserve and those additional Reserves, if any, funded pursuant to Exhibit A-7.

Sale Administration Fee: If applicable at the time of a sale of the Project, the fee referenced in Sections 12.2 and 14.1 hereof, payable to the General Partner, as applicable for its services for arranging and executing a sale of the Project to a third party unrelated and unaffiliated with the General Partner, and which shall be a then-current market broker fee mutually agreed upon by the General Partner, and Limited Partner. The Sale Administration Fee is payable only in lieu of, and not in addition to, a third-party broker fee in connection with the sale.

Sale Proceeds: Any proceeds derived from the sale or refinancing of the Project after repayment of the Note evidencing the First Mortgage Loan and any other prior obligations owed by the Partnership prior to the payment of the Bonds.

Soft Loans: Together, the Disposition Loan, the HOME Loan, the CDBG Loan and the METRO Loan, as determined on the attached Exhibit A-4 entitled "Loans to the Project."

SLP Administrative Management Fee: That certain SLP Administrative Management Fee payable to the Special Limited Partner pursuant to the priority set forth in Exhibit A-5 hereto in the amount of up to \$5,000 per year.

Special Limited Partner: The Housing Authority of Clackamas County, an Oregon public body corporate and politic, its successors and permitted assigns.

Stabilization Period: The time period described in Section 5.9.

State: Oregon.

Substitute Limited Partner: Any Person admitted from time to time to the Partnership as a Limited Partner in accordance with the provisions of Article X hereof and so reflected on Exhibit A, as such Exhibit A may be amended from time to time in accordance with this Agreement.

Surplus Cash: As defined in the HUD Regulatory Agreement.

Target Amount: As defined in the description of "Contingent Debt Service Reserve" in Exhibit A-7.

Target Completion Date: October 1, 2019.

Tax Credit Recapture Event: The occurrence of any of the following: (i) the filing of a tax return by the Partnership or an amendment to a tax return evidencing a recapture or disallowance of Credit previously allocated to the Limited Partner, (ii) the assessment of a deficiency claimed by the IRS against the Partnership with respect to any Credit previously

claimed in connection with the Project, (iii) a Final Determination resulting in a deficiency with respect to, or recapture of, Credits previously allocated to the Limited Partner, or (iv) any other event which causes a recapture, reallocation or disallowance of a Credit allocated to the Limited Partner under applicable law, other than a disposition by the Limited Partner of its Interest.

Tax Equivalency Payment: A payment to the Limited Partner in the amount of the federal and state income tax liability, together with any interest and penalty thereon, that would be imposed on the Limited Partner from the recognition of any net income from operations or gain from capital events or dispositions (in each case, after taking into account such payment), from Cash Flow, Capital Proceeds, Credit Adjuster payments or other amounts resulting in an income tax liability, as well as any tax liability assessed against the Limited Partner, whether upon the cancellation or forgiveness of a Partnership obligation, upon the recharacterization of any Partnership obligation or otherwise, which aggregate payment shall be grossed up by any such tax liability payable respecting the Tax Equivalency Payment itself, assuming that the Limited Partner is subject to tax at a combined rate equal to the greater of (i) twenty three and sixty-nine hundredths of a percent (23.69%) or (ii) the actual combined federal and state tax rate payable by the Limited Partner.

Tax Matters Partner: The General Partner, as tax matters partner, as defined in Code Section 6231, or, if applicable, as the partnership representative as defined in Code Section 6223 pursuant to Section 1101 of the Bipartisan Budget Act of 2015.

Term: The period of time the Partnership shall continue in existence as stated in Section 1.7.

Title Policy: That certain owner's title policy issued by First American Title Insurance Company in the amount of \$[65,472,464] (which amount represents the full amount of permanent debt projected to be on the Project and the equity projected to be in the Project) (the "Owner's Title Policy Amount") shown on Exhibit A-3, in favor of the Partnership and in force as of the date hereof insuring the Partnership's fee simple interest to the Project, subject only to such title exceptions as are acceptable to the Limited Partner. The Title Policy shall provide extended coverage (with all standard exceptions removed) and shall include, without limitation, the following endorsements: to the extent available in the State: (i) Non-Imputation, (ii) Fairway, (iii) ALTA 3.2 zoning with parking, if available, or otherwise 3.0 zoning endorsements (with 3.1 zoning endorsement for rehabilitated projects or upon achievement of the Completion Date), (iv) Same as Survey, (v) Single/Multiple Tax Parcel, (vi) Access, (vii) Comprehensive (Owner's-ALTA 9.8), (viii) Contiguity, (ix) Environmental Protection Lien (Owner's-ALTA 8.1), (x) Forced Removal, if applicable, (xi) Subdivision, if applicable, (xii) Waiver of Arbitration, (xiii) Utilities Facility, (xiv) Tax Benefit Endorsement, if available, (xv) Electronic Signature Endorsement, (xvi) such other endorsements as the Limited Partner may reasonably require.

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

Units: The individual units of residential rental housing located at the Project.

USBCDC: U.S. Bancorp Community Development Corporation, a Minnesota corporation.

Withdrawing Limited Partner: Pedcor Investments, A Limited Liability Company, a Wyoming limited liability company.

2.2 General Rules of Document Interpretation

(a) Unless the context clearly indicates to the contrary, the following rules apply to the construction of this Agreement:

i. Words importing the singular number include the plural number and/or words importing the plural number include the singular number;

ii. Words of the masculine gender include correlative words of the feminine and neuter genders, and vice-versa;

iii. The table of contents and the headings or captions used in this Agreement are for convenience of reference and do not constitute a part of this Agreement, nor affect its meaning, construction, or effect;

iv. Words importing persons include any individual, corporation, partnership, limited liability company, joint venture, association, joint stock company, trust, unincorporated organization, or government or agency or political subdivision thereof;

v. Any reference in this Agreement to a particular "Article," "Section," or other subdivision shall be to such Article, Section, or subdivision of this Agreement unless the context shall otherwise require;

vi. Each reference in this Agreement to an agreement or contract shall include all amendments, modifications, and supplements to such agreement or contract unless the context shall otherwise require; and

vii. When any reference is made in this document or any of the schedules or exhibits attached hereto to the Agreement, it shall mean this Agreement, together with all other schedules and exhibits attached hereto, as though one document.

(b) In the event there is more than one Limited Partner, more than one Special Limited Partner or more than one General Partner, the following additional rules of construction shall apply unless otherwise provided:

i. Allocations to the General Partner, Special Limited Partner and Limited Partner of Gain, Net Profits, Net Losses, Loss and credits under Article VII, and distributions of Cash Flow and Capital Proceeds under Article VIII shall be further allocated and/or distributed between or among the General Partners, the Special Limited Partners and/or Limited Partners in proportion to the General

Partner's, Special Limited Partner's or Limited Partner's respective Percentage Interest as set forth on Exhibit A. Unless otherwise provided herein, no General Partner shall have a superior right to receive distributions than any other General Partner no Special Limited Partner shall have a superior right to receive distributions than any other Special Limited Partner and no Limited Partner shall have a superior right to receive distributions than any other Limited Partner; and

ii. With respect to any matter on which the approval or ratification of the General Partners, Special Limited Partners or Limited Partners is required or may be given, such approval or ratification shall not be deemed to have been given unless given by Consent of the General Partners, the Special Limited Partners or Limited Partners, as the case may be; and

iii. All of the General Partner's obligations hereunder shall be joint and several.

ARTICLE III

PARTNERSHIP INTERESTS AND SOURCES OF FUNDS

3.1 Identity of Partners and Percentage Interests

The names and business addresses of the General Partner, the Special Limited Partner and the Limited Partner are as identified on Exhibit A-6, as such exhibit may be amended from time to time in accordance with this Agreement and each such Partner has the Percentage Interest indicated on Exhibit A.

3.2 Capital Contributions

(a) *General Partner.* The General Partner shall be obligated to (and does hereby covenant and agree to) contribute to the capital of the Partnership, by wire transfer or other form of available funds, the aggregate amount set forth after the General Partner's name on Exhibit A in the amounts and at the times set forth in Exhibit A-1.

(b) *Special Limited Partner.* The Special Limited Partner shall be obligated to (and does hereby covenant and agree to) contribute to the capital of the Partnership, by wire transfer or other form of available funds, the aggregate amount set forth after the Special Limited Partner's name on Exhibit A in the amounts and times set forth in Exhibit A-1.

(c) *Limited Partner.* Subject to the provisions of this Section 3.2 and provided that no Event of Default has occurred and is then continuing and that all conditions precedent thereto have been met, the Limited Partner shall be obligated to (and does hereby covenant and agree to) contribute to the capital of the Partnership, by wire transfer, or other form of available funds, its Capital Contribution in the aggregate amount set forth after the Limited Partner's name on Exhibit A. Such Capital Contribution is payable in Capital Installments, in the

amounts, and upon, and subject to, satisfaction of the conditions precedent thereto set forth on Exhibit A-1. Further, one or more Capital Installment may be payable in portions, from time to time, as Project development work progresses, pursuant to requests for disbursement acceptable to the Limited Partner and in accordance with the requirements set forth in Section 5.9 and in any disbursing agreement entered into by the Partnership. Notwithstanding the foregoing, once the General Partner has satisfied the applicable conditions on Exhibit A-1 for distribution of a Capital Installment by the Limited Partner (as evidenced by its advance of all or an initial portion of such Installment), the conditions to such Capital Installment shall be deemed satisfied for all purposes thereafter, and subsequent advances from such Capital Installment shall be subject only to the draw requirements of Section 5.9. Except as provided in this Section 3.2(b), the Limited Partner shall not be obligated to make any Capital Contributions to the Partnership. All Capital Contributions shall be subject to any applicable adjustments pursuant to this Agreement.

(i) *Capital Installment Notices.* The General Partner shall deliver a Capital Installment Notice to the Limited Partner in the form attached as Exhibit A-2 not more than two (2) business days in advance of the applicable Capital Installment Due Date, following delivery of all documentation needed to evidence achievement of the conditions precedent to payment thereof. The following individuals are authorized to sign the Capital Installment Notice: (A) on behalf of the General Partner: _____, and (B) on behalf of the Guarantor: Gerald K. Pedigo, Phillip J. Stoffregen, Bruce A. Cordingley and/or Thomas G. Crowe or (C) if not listed in (A) or (B), those individuals otherwise set forth on an incumbency certificate for the applicable entity provided to the Limited Partner with delivery of the Capital Installment Notice.

(d) *Capital Installment Due Date.* The date on which payment of any Capital Installment (or portion of Capital Installment) (the “**Capital Installment Due Date**”) is due upon (1) achievement of all of the conditions to funding of the applicable Capital Installment (or any portion thereof) in accordance with Exhibit A-1, as evidenced by delivery of all documentation needed to support achievement of the conditions precedent to payment thereof, followed by (2) receipt by the Limited Partner of a Capital Installment Notice (Exhibit A-2) no earlier than two business days prior to Capital Installment Due Date, subject to deferral as set forth in Section 3.2(e) below.

(e) *Deferral or Adjustment of Capital Installment.* If any of the following occurs: (i) should the General Partner fail to certify that each of the certifications set forth in the Capital Installment Notice set forth in Exhibit A-2 is true and correct as of any Capital Installment Due Date, or (ii) should any of the certifications set forth in the Capital Installment Notice be in fact untrue, or (iii) should any of the conditions precedent to payment of a Capital Installment (or portion thereof) have not then occurred, or (iv) should any Loan be in default, or (v) should an Event of Default have occurred, the applicable Capital

Installment Due Date shall be deferred and extended until ten (10) business days after such time as any or all of the events described in Subsections (i) through (v) no longer exist. Failure to pay any Capital Installment or any portion thereof prior to such time shall not constitute a default of the Limited Partner.

Further, any Capital Installment is subject to adjustment as set forth in Section 3.3 to reflect Credit Deficiencies, which will include, without limitation, Credit Deficiencies reasonably anticipated, based upon information from the Accountants, the Limited Partner's advisors, actual Schedule K-1's received or other Capital Installment or Project documentation received.

(f) *Discretion to Waive Preconditions.* The Limited Partner, in its sole and absolute discretion, may waive, in whole or in part, any one or more preconditions to the payment of any Capital Installment, or portion thereof, and may accelerate or otherwise pay all or a portion of the amount of such Capital Installment that would have been due had all of the preconditions been satisfied. The waiver of any precondition, in whole or in part, shall not prevent the Limited Partner from asserting the failure of the precondition as a defense against the requirement of paying the remainder of a Capital Installment or any other Capital Installment. Upon request from the Limited Partner, the General Partner, with the assistance of the Accountants, shall provide the information necessary for the Limited Partner to determine the necessity and amount of an acceleration of any Capital Installment.

(g) *Default.* In the event that the Limited Partner fails to pay any portion of any Capital Installment (as such Capital Installment may be adjusted in accordance with Section 3.3) by the applicable Capital Installment Due Date (as defined in Section 3.2(d) above), and any such failure is not cured within thirty (30) days after written Notice of such failure, the Limited Partner shall be deemed to be in default of its obligations under this Agreement and the General Partner shall be entitled to institute a suit at law or in equity to enforce payment thereof; provided, however, in the event of a Final Determination (pursuant to subsection (i) of such defined term) in favor of the Partnership, the Limited Partner shall pay to the Partnership all Capital Installments then due, and accrued interest thereon at an interest rate of eight percent (8%) per annum. Such payment shall constitute the sole remedy of the Partnership for such default. Notwithstanding any provisions of Section 3.2 to the contrary, payment of all amounts owed pursuant to the terms of this Section 3.2(h) shall constitute full cure thereof, as though a default under this Section 3.2(h) had not occurred.

(h) *Disputes.* In the event of a dispute between the Limited Partner on the one hand, and the General Partner and/or the Partnership and/or the Special Limited Partner on the other hand, as to the obligation to make, or the amount of, any Capital Installment, the Limited Partner shall deposit such Capital Installment in an escrow account at a bank (which may be U.S. Bank National Association) or a title company acceptable to the Limited Partner, pending a resolution of such dispute. Upon resolution of such dispute (whether pursuant to a Final Determination (pursuant to subsection (i) of such defined term) or pursuant to written agreement between the Limited Partner and the General Partner, Special Limited Partner and/or the Partnership), interest earned on such Capital

Installment shall be paid to the Partnership, if such Capital Installment is determined to be payable to the Partnership, or shall be returned to the Limited Partner, together with the escrowed amount, if determined not to be payable. In the event that a Limited Partner so deposits a Capital Installment, or any disputed portion thereof, in such an escrow account, such Limited Partner shall not be in default under Section 3.2(h).

3.3 Credit Adjustments to Capital Contributions

(a) *Adjustment at Cost Certification Receipt of IRS Form 8609 and at the conclusion of the Lease Up Period.* If (1) at the time of receipt of the Cost Certification and receipt of IRS Form 8609 (it being the intent of the parties that this adjustment shall be made upon receipt of all IRS Forms 8609 with respect to the Project) and/or (2) at the conclusion of the Lease Up Period, the actual amount of Credits are greater than or less than the Projected Credit Amount for such Credits, as set forth for the applicable Credit Period on Exhibit A-3, then the Projections shall be updated by the Accountants, using the same methodology used in preparing the initial Projections, but taking into account actual receipt dates by the Partnership of each Capital Installment, the time and amount of Credits received theretofore, the Credits at Completion, losses previously allocated and projected losses, based on information available to the Accountants at that time, except that the projected losses set forth in the revised Projections cannot exceed those set forth in the initial Projections (excluding depreciation losses) by more than (10%) in any year or years. Notwithstanding any provisions of this Agreement to the contrary, any Losses allocated to the Limited Partner in excess of those originally projected as of the date of this Agreement, shall require full and complete substantiating documentation which shall be subject to the reasonable review and approval of the Limited Partner. The revised Projections shall assume no distributions to the Limited Partner other than those required pursuant to this Section 3.3.

i. *Downward Adjuster.* At any time the Projections are updated in accordance with 3.3(a) above, the Capital Contributions of the Limited Partner shall be reduced by an amount calculated by the Accountants, which causes the Limited Partner to maintain the Closing IRR (the “Downward Adjuster”) pursuant to the revised Projections. Any such Downward Adjuster shall be applied first to reduce any unfunded Capital Contributions of the Limited Partner in chronological order and, if the Downward Adjuster amount is greater than the amount of all unfunded Capital Contributions, then the General Partner shall immediately make a Credit Adjuster Advance pursuant to Section 3.3(e) hereof. Upon receipt by the Limited Partner of the full amount of any Downward Adjuster, the Projected Credit Amount shall be adjusted to reflect the change in Credit.

ii. *Upward Adjuster.* At any time the Projections are updated in accordance with 3.3(a) above, the Capital Contributions of the Limited Partner shall be increased by an amount calculated by the Accountants, which causes the Limited Partner to achieve and maintain the Closing IRR (the “*Upward*”

Adjuster”) pursuant to the revised Projections. Any such Upward Adjuster shall increase the Limited Partner’s Capital Contribution, but, in all events, not to exceed an aggregate increase in Capital Contribution of 10% of the Limited Partner’s total agreed upon capital contributions determined as of the Admission Date as set forth on Exhibit A-1 (the “**Maximum Upward Adjuster**”), taking into account all other increases in the Limited Partner’s Capital Contribution pursuant to Section 3.3. In the event such limitation applies, the General Partner may be allocated a proportionately increased interest in the Partnership, and the General Partner’s share of the profits and loss (and, correspondingly, depreciation and Tax Credits) will be increased, and the Limited Partner’s share decreased. Any such Upward Adjuster amount shall be payable on the later of the (a) date of the Limited Partner’s final Capital Installment set forth in Exhibit A-1 or (b) the date which is at least ten (10) days after the General Partner gives the Limited Partner written notice of such increased Capital Installment accompanied by documentation of such Upward Adjuster amount reasonably acceptable to the Limited Partner. Upon receipt by the General Partner of the full amount of the Upward Adjuster amount, the Projected Credit and Annual Credit Allocation (if applicable) set forth on Exhibit A-3 shall be adjusted to reflect the change in Credits.

(b) [*Intentionally omitted*].

(c) *Annual Adjustments*. In the event that the portion of Federal Low-Income Credits passed through to the Limited Partner on its Schedule K-1 in any year following 2020 is less than the annual amount of such Credits reflected in the Projected Credit Amount for such year, to the extent such Credit adjustment has not already been taken into account in Section 3.3(a) hereof (an “**Annual Credit Reduction**”), such Annual Credit Reduction shall be applied first to reduce any unfunded Capital Contributions of the Limited Partner in chronological order and, if the Annual Credit Reduction amount is greater than the amount of all unfunded Capital Contributions, then the General Partner shall immediately make a Credit Adjuster Advance pursuant to Section 3.3(e) hereof.

If, in connection with an Annual Credit Reduction, it is projected that there will be Annual Credit Reductions in one or more subsequent years, the Limited Partner’s unfunded Capital Contributions (in the chronological order of such unfunded Capital Contributions) shall be further reduced, on a dollar for dollar basis, by the aggregate amount of such projected Annual Credit Reductions (a “**Continuing Credit Reduction**”), and the Projected Credit Amount shall be correspondingly reduced by the Continuing Credit Reduction. If, during the Compliance Period, at any time or from time to time, the Continuing Credit Reduction is greater than the amount of the then unfunded Capital Contributions of the Limited Partner (as previously reduced pursuant to this Article III), then the General Partner shall immediately make a Credit Adjuster Advance pursuant to Section 3.3(e) hereof.

(d) *Recapture*. Upon the occurrence of a Tax Credit Recapture Event, or in the event BT or DOZ (or their respective successor) recommends in writing

that the Partnership must recapture any of the Credit allocated to the Limited Partner that the Partnership claimed in any previous Fiscal Year (other than any such event caused solely by the transfer by the Limited Partner of its Interest), the dollar amount of such recaptured Credit, together with any Continuing Credit Reduction (as such term is defined in Section 3.3(b) above), resulting therefrom, plus applicable interest, penalties, costs of enforcement and a Tax Equivalency Payment with respect to the foregoing amounts (collectively, the “**Recapture Adjustment Amount**”) shall be applied to reduce, on dollar per dollar basis, the Limited Partner’s then unfunded Capital Contributions. If, during the Compliance Period, at any time, or from time to time, the Recapture Adjustment Amount is greater than the amount of the unfunded Capital Contributions of the Limited Partner (as previously reduced pursuant to this Article III), the General Partner shall immediately make a Credit Adjuster Advance, pursuant to Section 3.3(e).

(e) *Credit Deficiencies.* All of the adjustments in Credit, pursuant to this Section 3.3 other than Upward Adjusters pursuant to Section 3.3(a)(ii) shall constitute Credit Deficiencies. In calculating Credit Deficiencies, the Limited Partner shall be considered to have received Credit in the amount allocated to the Limited Partner on the Partnership’s federal and state income tax returns reduced by: (i) any adjustment of the Credit reported on the Partnership’s tax return that is made by the Accountants, or by the IRS or applicable State authority pursuant to notice to the Partnership, or by a court in a Final Determination; and (ii) the amount of any recapture, reallocation or disallowance, or claimed recapture, reallocation or disallowance, of such Credit, other than recapture caused solely by the transfer by the Limited Partner of its Interest, and, in each of subsections (i) and (ii) above, interest and penalties thereon. Further, payment of any Development Fee payable pursuant to the Development Services Agreement, attached hereto as Exhibit C, shall be deferred to the extent necessary to pay any Credit Deficiency which is then payable or which is otherwise anticipated to become payable, whether based upon delays in leasing of Credit Units or otherwise.

(f) *Credit Adjuster Advance.* A Credit Adjuster Advance shall be paid to the Partnership as an interest-free loan, repayable solely pursuant to Section 8.1 and Exhibit A-5, and Sections 8.2(a) and 12.2(a)(4), and the Partnership shall immediately make a special distribution to the Limited Partner in such amount, without regard to Cash Flow or Article VIII hereof. Alternatively, at the sole election of the Limited Partner, the Credit Adjuster Advance shall be made directly to the Limited Partner. All Credit Adjuster Advances shall be increased by interest, penalties, costs of enforcement and by any Tax Equivalency Payments. All Credit Adjuster Advances shall be due within 20 days of Notice by the Limited Partner. Any Credit Adjuster Advances not promptly paid when due shall bear interest at the prime rate of interest of U.S. Bank National Association prevailing at the end of the preceding calendar month, plus two percent (2.0%) per annum, from the date payable, until paid in full. Credit Adjuster Advances are recourse obligations of the General Partner and are guaranteed by the Guarantor pursuant to the Guaranty which is attached as Exhibit D to this

Agreement. Notwithstanding the foregoing, in lieu of making a Credit Adjuster Advance owing under Section 3.3(a), the General Partner may, with the consent of the Limited Partner, defer all or any portion of the Development Fee due and payable to the Developer or any other fees due and payable to the General Partner or an Affiliate of the General Partner in an amount necessary to satisfy all or a portion of the Credit Adjuster Advance. In addition, the General Partner may, with the consent of the Limited Partner, elect to make an accounting adjustment to treat any fees that have previously been paid to the General Partner or its Affiliates as not having been paid, provided such accounting adjustment is made prior to Cost Certification and provided any actual cash payment received by the General Partner or its Affiliate is refunded to the Partnership.

(g) *Change in Law.* Notwithstanding anything to the contrary contained in this Agreement, to the extent that any Credit Deficiencies under this Section 3.3 are solely attributable to a Change in Law, then the portion of any Credit Deficiency resulting from said Change in Law and otherwise owed shall be payable to the Limited Partner only from available Cash Flow in the order of priority set forth in Exhibit A-5 or from Capital Proceeds pursuant to Section 8.2(a) and 12.2(a)(4).

3.4 No Interest on Capital Contributions

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

3.5 Right to Require Repayment of Capital

A Partner shall not have the right to withdraw from the Partnership all or any part of its Capital Contribution. No Partner shall have any right to demand and receive property of the Partnership in return for its Capital Contribution or in respect of its Interest, except as provided in this Agreement. No Limited Partner shall have priority over any other Limited Partner as to any return of Capital Contributions or as to any distributions made by the Partnership under Article VIII.

3.6 No Third-Party Beneficiary

None of the provisions of this Agreement shall be construed as existing for the benefit of any creditor of the Partnership, for the benefit of any creditor of any Partner, or for the benefit of any other Person, other than the Partners, and no provision shall be enforceable by a Person not a signatory to this Agreement, except where granting of a security interest or pledge has been made by the Partnership, with the Consent of the Limited Partner.

ARTICLE IV

RIGHT TO MORTGAGE; GENERAL PARTNER BOUND BY LOAN DOCUMENTS

4.1 Right to Mortgage

(a) The Partnership shall be authorized to borrow the Loans, pursuant to the Loan Notes, in connection with the acquisition, development, construction and/or rehabilitation of the Project, and the meeting of the expenses of operating the Project (including, without limitation, any items for which the Lenders may provide Loan funds), and may secure the same by Mortgages on the Project. The General Partner shall not have any authority to enter into any loan, nor to refinance or otherwise modify, forgive or extend any loan (which will include, without limitation, the Loans), without the Consent of the Limited Partner; provided, however, that the General Partner may refinance the Permanent First Mortgage Loan without the Limited Partner's consent if the General Partner (1) provides 60 days' prior written Notice to the Limited Partner, (2) provides to the Limited Partner a complete set of loan documents within 10 business days prior to loan closing, which loan documents include, if generally available from the applicable lender, a provision granting notice and cure rights to USBCDC. In addition, the terms of the replacement financing shall (1) enable the Project to achieve and maintain the Required Debt Service Coverage in accordance with the terms and provisions of this Agreement and determined based upon the greater of (i) actual Project expenses for the then current calendar year, (ii) average Project expenses for the immediately preceding three calendar years, or the maximum period available if a full three year period has not yet expired, or (iii) the Project expenses set forth in the Projections attached hereto; (2) provide for a loan term and a fixed interest rate for at least the term of the Compliance Period; (3) enable the Project to maintain the Required Debt Service Coverage throughout the Compliance Period assuming a 7% vacancy rate, a 2% annual increase in income and a 3% annual increase in Project expenses, and further assuming that the Replacement and Operating Reserves remain as described in Exhibit A-7 to this Agreement; (4) provide for a maturity date that is not prior to the end of the Compliance Period; (5) provide that the replacement financing is non-recourse to the Partners. The General Partner and Guarantor will continue to comply with the terms and provisions of the Operating Deficit guaranty, as set forth in Section 5.10, including that the obligation to fund amounts owed pursuant to the Operating Deficit guaranty in connection with the refinancing shall continue for the entire term of such replacement financing in the event that such replacement financing results in a higher annual debt service than the original financing. It is further understood and agreed to by the Partners that if the loan documents evidencing the replacement financing do not include notice and cure rights for the benefit of USBCDC, the same shall not be a basis for USBCDC withholding consent to the replacement financing, if the applicable lender does not generally provide notice and cure rights to equity investors.

(b) The Partnership is a single asset entity whose sole asset is the Project, the General Partner is presently a single asset entity whose sole asset is its General Partner interest. The General Partner will not acquire other assets, nor conduct business activities, other than serving as the General Partner of the Partnership, without the Consent of the Limited Partner. In addition, the General Partner covenants and agrees as follows:

i. The General Partner shall not engage, has not engaged and does not engage, in any business other than the business of making housing available to persons, including persons of low and moderate income and promoting social welfare through acquisition, investment, funding, construction, or any other means consistent with its purposes.

ii. Except as provided by Section 5.13, the General Partner shall not enter into and has not entered into any contract or agreement with any Affiliate of the General Partner, any constituent party of the General Partner, or any Affiliate of any constituent party, except upon terms and conditions that are intrinsically fair and substantially similar to those that would be available on an arm's length basis with third parties other than any such party.

iii. To the extent that the General Partner and any of its Affiliates: (i) occupy any premises in the same location; (ii) share the same officers and other employees; (iii) jointly contract or do business with vendors or service providers or share overhead expenses; and (iv) contract or do business with vendors or service providers where the goods or services are wholly or partially for the benefit of its Affiliates, the General Partner and shall always allocate fairly, appropriately and nonarbitrarily any expenses and costs among and between such respective entities with the result that each entity bears its fair share of all such rent and expenses.

iv. The General Partner has and shall continue to pay its debts and liabilities from its own assets as the same shall become due. No Affiliate of the General Partner has paid any debts or liabilities on behalf of such Partner, except in accordance with this Agreement.

v. The General Partner has and shall continue to maintain books, financial records and bank accounts that are separate and distinct from the books, financial records and bank accounts of any other Person including any of its Affiliates.

vi. The General Partner has and shall continue to maintain separate annual financial statements prepared in accordance with generally accepted accounting principles, consistently applied, showing its assets and liabilities separate and distinct from those of any other entity; in the event the financial statements of the General Partner are consolidated with the financial statements of any other entity, the General Partner has and shall continue to cause to be included in such consolidated financial statements: (i) a narrative description of the separate assets, liabilities, business functions, operations and existence of the General Partner to ensure that such separate assets, liabilities, business functions, operations and existence are readily distinguishable by any entity receiving or relying upon a copy of such consolidated financial statements; and (ii) a statement that the General Partner's assets and credit are not available to satisfy the debts of such other entity or any other person.

vii. The General Partner has and shall continue to file its own tax returns and pay its own taxes required to be paid under applicable law.

viii. The General Partner has and shall continue to (i) hold itself out as an entity separate and distinct from any other Person; (ii) not identify itself or any of its Affiliates as a division or part of the other; and (iii) correct any known misunderstanding regarding its separate status.

ix. The General Partner has and shall continue to conduct its business in its own name so as to avoid or correct any misunderstanding on the part of any creditor concerning the fact that any invoices and other statements of account from creditors of such Partner are to be addressed and mailed directly to such Partner, though this provision shall not prohibit such mail to be delivered to such Partner c/o any other entity.

x. The General Partner has and intends to maintain, adequate capital for the normal obligations reasonably foreseeable in a business of its size and character and in light of its contemplated business operations.

xi. The General Partner has not and shall not commingle any of its assets, funds or liabilities with the assets, funds or liabilities of any other Person or respective Affiliate.

xii. The General Partner has and shall continue to maintain, its respective assets in such a manner that it will not be costly or difficult to segregate, ascertain or identify its individual assets from those of any party.

xiii. Except with respect to the guaranty and the pledge of its respective partner interest in the Partnership to the Lender of the Bridge Loan, as of the date hereof, the General Partner has not and shall not (i) assume or guaranty the debts of any other Person in a manner that includes a pledge, encumbrance, transfer or hypothecation (whether by operation of law or otherwise) of any assets or interests of the Partnership or, (ii) hold itself out to be responsible for the debts of another Person in a manner that includes the pledge, encumbrance, transfer or hypothecation of any assets or interests of the Partnership (whether by operation of law or otherwise), or (iii) otherwise pledge, encumber, transfer or hypothecate the assets of the Partnership for the benefit of another Person or permit the same to occur, or (iv) hold the Partnership's credit as being available to satisfy the obligations of any other Person.

(c) All transactions carried out by the General Partner have been and will be, in all instances, made in good faith and without intent to hinder, delay or defraud creditors of the General Partner.

(d) With the exception of, during the construction phase, the First Mortgage Loan, and any Loans from the General Partner or its Affiliates, the Mortgages with respect to such Loans shall provide that no Partner or an Affiliate shall have any personal liability for the payment of all or any part of such Loan Notes, or interest therein, except

for those customary exclusions for such matters as fraud, misappropriation of funds, environmental hazards or waste that, in the opinion of counsel to the Limited Partner, do not cause the Mortgages to become debt instruments as to which a Partner has an economic risk of loss under Treasury Regulation Section 1.752-2, or any successor provision.

ARTICLE V

RIGHTS, POWERS AND OBLIGATIONS OF THE GENERAL PARTNER AND SPECIAL LIMITED PARTNER

5.1 Authority of General Partner

(a) Subject to the terms of this Agreement, the General Partner shall have the right, power, and authority, acting for and on behalf of and in the name of the Partnership, to: (i) execute and deliver on behalf of the Partnership any contract, agreement, or other instrument or document required or otherwise appropriate to acquire, construct, rehabilitate, renovate, improve, lease, operate, sell, encumber, mortgage, convey, or refinance the Project (or any part thereof); (ii) convey the Project by deed, mortgage, certificate, bill of sale, agreement, or otherwise, as appropriate; and (iii) bring, compromise, settle, and defend actions at law or in equity. Any action required or permitted to be taken by the General Partner hereunder may be taken by such of its proper officers or agents as it shall validly designate and duly authorize for such purpose.

(b) Except for items for which Consent of the Limited Partner is required, all decisions made for and on behalf of the Partnership by the General Partner shall be binding upon the Partnership. Except as expressly otherwise set forth in this Agreement, the General Partner (acting for and on behalf of and in the name of the Partnership), in extension and not in limitation of the rights and powers given it by law or by the other provisions of this Agreement, shall, in its sole discretion, have the full and entire right, power and authority, in the management of the Partnership's day-to-day business, to do any and all acts and things necessary, proper, ordinary, customary or advisable to effectuate the purposes of the Partnership. In so doing, the General Partner shall take all actions necessary or appropriate to protect the interests of the Limited Partner and of the Partnership. In furtherance and not in limitation of the foregoing provisions of this Article V and of the other provisions of this Agreement and subject to any applicable Consent of the Limited Partner, the General Partner is, as is more fully set forth in Section 5.1(a), specifically authorized and empowered to execute any and all instruments and documents as shall be required by any lender in connection with any loan or loans, including but not limited to executing the Mortgages, Loan Notes, any contract, loan agreement, bank resolution and signature card, release, discharge, or any other document or instrument in any way related thereto or necessary or appropriate in connection therewith, all of which must be in accordance with this Agreement.

(c) The General Partner shall maintain the books and records of the Partnership, and shall be responsible, on a timely basis, for (i) preparing all required tax returns and related information, (ii) making any tax elections approved in writing by the

Limited Partner, from time to time, and (iii) preparing all financial information, all in accordance with Sections 5.7(d), 13.3 and 13.4 hereof.

(d) The General Partner may delegate certain of its authority, power, and right to manage the Project to the Management Agent; provided, however, that any such delegation shall not relieve the General Partner of its obligations and responsibilities to ensure the proper management of the Project.

5.2 Limitations on the Authority of the General Partner and the Special Limited Partner

5.2.1. Notwithstanding any other provision of this Agreement, the General Partner shall not have the authority to perform any act in violation of any applicable law or regulations, the Loan Documents, or the Project Documents; to do any act required to be approved, consented to, voted on, or ratified by the Limited Partner under the Act or under this Agreement unless such approval, vote, consent, or ratification has been obtained; to cause the Partnership to engage in any business other than as set forth in Section 1.6; or do any act that would make it impossible to carry out the business of the Partnership as contemplated herein. The General Partner shall not have the authority to engage in the following activities without the Consent of the Limited Partner and, if required, the consent of the Lenders and HCA:

(a) Effect a sale of all or any portion of the Project, including, without limitation, the Units and any commercial and/or community space;

(b) Except as authorized by Section 4.1 hereof, effect a financing, refinancing, encumbrance, mortgage, conveyance, pledge, transfer, exchange or other disposition of all or any portion of the Project; provided that the Limited Partner hereby consents to the Loans (but any extension, refinancing, increase, decrease, modification, amendment, of any such Loans (or repayment other than in accordance with its scheduled term of amortization) or consent to any transfer, pledge or conveyance of any Loan by an existing Lender will require the Consent of the Limited Partner);

(c) Lease as an entirety the Project, or lease any portion of the Project, except leases of the Units to residential tenants in the normal course of business;

(d) Following the Completion Date, construct any new capital improvements or replace any existing capital improvements, other than those contemplated in the Plans and Specifications or those approved by the Limited Partner in an Annual Operating Budget;

(e) Change the Plans and Specifications or permit any individual change orders that increase or decrease the budget if the cost associated with any one such change is more than \$25,000 or if the cost of all change orders in the aggregate exceeds \$100,000, provided further that change orders shall not be executed that (i) change any material component of the approved Plans and Specifications, (ii) involve the implementation of an alternative construction material or construction methodology inconsistent with the Plans and Specifications that would result in a material

diminishment of the quality of the construction of the Project, or (iii) involve a change in the timing of the Completion Date;

(f) Acquire any real property in addition to the Project (other than easements or similar rights necessary or convenient for the operation of the Project);

(g) During the Compliance Period, lease or otherwise operate any of the Credit Units in such a manner that such Credit Unit would fail to be treated as a “low-income unit” under Section 42(i)(3) of the Code, or lease or operate the Project in such a manner that the Project would fail to be treated as a qualified low-income housing project under Section 42(g)(1)(B) of the Code;

(h) Incur any liability, obligation or debt other than the Loans (and any Operating Deficit Advances) and debt approved by the Limited Partner in an Annual Operating Budget;

(i) Change the nature of the Partnership’s business;

(j) Do any act which would make it impossible to carry on the ordinary business of the Partnership;

(k) Assign rights in assets of the Partnership for other than a Partnership purpose and in no event may the Partnership pledge or assign any of the Partnership’s rights with respect to all or any portion of the Limited Partner’s Capital Contribution or the proceeds thereof other than any pledge or assignment of the Limited Partner’s Capital Contribution to the Lender of the Bridge Loan;

(l) Voluntarily file a bankruptcy petition on behalf of the Partnership or execute or deliver an assignment for the benefit of creditors;

(m) Dissolve or wind up the Partnership;

(n) Confess any judgment against the Partnership, or commence litigation on behalf of the Partnership, except for tenant eviction matters in the normal course of business or compromise any claim or liability owed by the Partnership or consent to a settlement with respect to any claim, lawsuit or other legal or administrative proceeding involving the Partnership as a party in excess of \$5,000;

(o) Modify or amend this Agreement or any of the Project Documents;

(p) Prepay the Loan Notes (other than the Note for the Bridge Loan or in connection with a refinancing of the First Mortgage Loan pursuant to Section 4.1 of this Agreement);

(q) Admit any Person as a Partner, except as otherwise provided in this Agreement;

(r) Borrow from the Partnership or commingle Partnership funds with the funds of any Person, or loan any money on behalf of the Partnership or guarantee on behalf of the Partnership the indebtedness of any other Person;

(s) Permit the Partnership to pay directly or indirectly to the General Partner (or any Affiliate thereof) or the Special Limited Partner (or any Affiliate thereof) a commission or fee in connection with the reinvestment or distribution of Capital Proceeds or liquidating distributions belonging to the Partnership, except as provided for herein, provided, however, reimbursement for reasonable in-house counsel or paralegal expenses incurred by the General Partner or its Affiliates, or the Special Limited Partner or its Affiliates, on behalf of the Partnership shall be permitted;

(t) Receive any rebates or give-ups or participate in any reciprocal business relationships in circumvention of this Agreement;

(u) Cause the Partnership to be merged or consolidated with or acquired by any other Person;

(v) Except as provided in Section 4.1(a), make application for, or accept, increases in the principal amount of Loans or otherwise modify, restructure, extend or refinance the Loans, or any other Partnership indebtedness,

(w) Contract with, dismiss or replace the Management Agent, except as provided in Section 11.1 hereof;

(x) Transfer, assign, pledge or hypothecate the General Partner's interest as a General Partner in the Partnership or the Special Limited Partner's interest as a Special Limited Partner in the Partnership, including, without limitations, its interest in Partnership allocations or distributions, other than the pledge or assignment to the Lender of the Bridge Loan or the Pledge and Security Agreement referenced in Section 5.18. Notwithstanding the foregoing, the Consent of the Limited Partner shall not be required for (i) any pledge of the right to receive distributions of Cash Flow and Capital Proceeds to an Affiliate of the General Partner or Special Limited Partner or (ii) assignment of the interest of the General Partner to any entity controlled by Gerald K. Pedigo, Bruce A. Cordingley, and/or Phillip J. Stoffregen, so long as the requirements of 9.2(a)(12) continue to be satisfied following any such transfer;

(y) Engage in transactions in which the General Partner or an Affiliate of the General Partner, or the Special Limited Partner or an Affiliate of the Special Limited Partner has an actual or potential conflict of interest with either the Limited Partner or the Partnership and which could have a material adverse effect on the Partnership or the Project;

(z) Except as permitted by Section 5.13, cause or permit the Partnership to enter into any material contract or agreement with the General Partner or any Affiliate of any General Partner, or with the Special Limited Partner or any Affiliate of the Special Limited Partner which relates to the Project, or any other Partnership business;

(aa) Make any unbudgeted expenditure (or series of unbudgeted expenditures) except as permitted by Section 13.3(a)(3) hereof, except for such expenditures, of up to \$3,000 in the aggregate which are expressly permitted under the terms of the agreement with the Management Agent for management of the Project and, which, in the General Partner's reasonable judgment are necessary for continued operations of the Project and/or Units or to deter deferred maintenance, provided notice of such expenditures is provided to the Limited Partner within 30 days; and further provided that the General Partner may make unbudgeted expenditures in the event the General Partner determines, in its reasonable judgment, that an emergency repair is necessary for continued operations of the Project and/or Units and the General Partner notifies the Limited Partner within 10 days of completing such emergency repair;

(bb) Change any accounting method or practice of the Partnership or replace the Accountants;

(cc) Take any action which would cause the termination of the Partnership for federal income tax purposes or the dissolution of the Partnership for state law purposes; or

(dd) Take any action for which the Consent of the Limited Partner is required under any other provision of this Agreement.

(ee) Other than the First Mortgage Loan, Bond Loan, the Disposition Loan and/or the HOME Loan, during the construction phase, or in connection with the Bridge Loan otherwise expressly set forth herein, cause or permit the Partnership or any Partner to become, in the reasonable opinion of counsel to the Limited Partner, subject to any economic risk of loss within the meaning of Treasury Regulation Section 1.752-2, or any successor provision, with respect to the Loan Notes, the Mortgages, or any of the Loan Documents.

5.2.2. Notwithstanding any other provision of this Agreement, the Special Limited Partner shall not have the authority to perform any act in violation of any applicable law or regulations, the Loan Documents, or the Project Documents; to do any act required to be approved, consented to, voted on, or ratified by the Limited Partner under the Act or under this Agreement unless such approval, vote, consent, or ratification has been obtained. The Special Limited Partner shall not have the authority to engage in the following activities without the Consent of the Limited Partner and, if required, the consent of the Lenders and HCA:

(a) Transfer, assign, pledge or hypothecate the Special Limited Partner's interest as a Special Limited Partner in the Partnership, including, without limitations, its interest in Partnership allocations or distributions. Notwithstanding the foregoing, the Consent of the Limited Partner shall not be required for (i) any pledge of the right to receive distributions of Cash Flow and Capital Proceeds to an Affiliate of the General Partner or Special Limited Partner;

(b) Engage in transactions in which the General Partner or an Affiliate of the General Partner, or the Special Limited Partner or an Affiliate of the Special

Limited Partner has an actual or potential conflict of interest with either the Limited Partner or the Partnership and which could have a material adverse effect on the Partnership or the Project;

(c) Take any action which would cause the termination of the Partnership for federal income tax purposes or the dissolution of the Partnership for state law purposes.

5.3 Outside Activities

The General Partner shall devote to the management of the business of the Partnership so much of its time as is necessary to operate the Partnership and the Project in accordance with this Agreement, and to fully and timely comply with this Agreement.

5.4 Liability to Partnership and Limited Partner

Neither the General Partner nor the Special Limited Partner shall be liable, responsible, or accountable in damages or otherwise to the Limited Partner or to the Partnership for any acts performed in good faith and within the scope of authority of the General Partner and Special Limited Partner pursuant to this Agreement; provided, however, that the General Partner and the Special Limited Partner shall be liable for, and shall indemnify, defend, and hold harmless the Partnership and the Limited Partner from and against any loss, liability, damage, cost or expense (including reasonable attorneys' fees) arising out of, the General Partner's or Special Limited Partner's actions and/or omissions to the extent they are attributable to gross negligence, fraud, willful misconduct, malfeasance, material breach of any representation, warranty, covenant or agreement under this Agreement, breach of its fiduciary duties, or actions performed outside the scope of its authority, and further provided that this will not affect the General Partner's or Special Limited Partner's applicable guaranties and obligations hereunder, which remain in full force and effect, unaffected by this provision, and further provided that, the General Partner's and Special Limited Partner's obligations to indemnify, defend and hold harmless under this Section 5.4 shall only relate to each Partner's own acts and/or omissions.

5.5 Indemnification of General Partner and Special Limited Partner

(a) The Partnership shall indemnify, defend, and hold harmless the General Partner and Special Limited Partner from and against any loss, liability, damage, cost, or expense (including reasonable attorneys' fees) arising out of any demands, claims, suits, actions, or proceedings against the General Partner or Special Limited Partner, by reason of any act or omission performed by it (including its employees and agents) while acting in good faith on behalf of the Partnership and within the scope of the authority of the General Partner or Special Limited Partner pursuant to this Agreement, and any amount expended in any settlement of any such claim of liability, loss, or damage; provided, however, that: (i) the General Partner and/or Special Limited Partner must have in good faith believed that such action was in the best interests of the Partnership and in accordance with applicable law, and such course of action or inaction must not have constituted gross negligence, fraud, willful misconduct, malfeasance,

material breach of any representation, warranty, covenant or agreement set forth in this Agreement, or breach of its fiduciary duties; and (ii) any such indemnification shall be recoverable solely from the assets of the Partnership (other than any Partnership assets which would cause a recapture or disallowance of Credit under applicable law) and not from the assets of the Limited Partner, and no Partner shall be personally liable therefor. This indemnity shall be operative only in the context of third-party suits, and not in connection with demands, claims, suits, actions or proceedings initiated by any Partner or any Affiliate thereof against another Partner, nor in connection with any violation by the General Partner or Special Limited Partner of its obligations hereunder.

(b) The Partnership shall not pay for any insurance covering liability of the General Partner or Special Limited Partner for actions or omissions for which indemnification is not permitted hereunder, without the Consent of the Limited Partner.

(c) Notwithstanding anything contained in this Section 5.5, neither the General Partner nor the Special Limited Partner shall be indemnified or saved harmless from any liability, loss, damage, cost, or expense incurred by it in connection with: (i) any civil or criminal fines or penalties imposed by law; (ii) any claim or settlement involving the allegation that federal or state securities laws were violated by the General Partner, Special Limited Partner or the Partnership; or (iii) any claim involving the General Partner's or Special Limited Partner's gross negligence, fraud, willful misconduct, malfeasance, material breach of any representation, warranty, covenant or agreement set forth in this Agreement, or breach of a fiduciary duty, unless (A) the General Partner or Special Limited Partner is successful in defending such action on the merits, (B) such claims have been finally dismissed in favor of the General Partner or Special Limited Partner with prejudice on the merits by a court of competent jurisdiction, or (C) a court of competent jurisdiction approves a settlement and finally determines that the General Partner or Special Limited Partner is entitled to costs.

(d) The indemnification rights contained in this Section 5.5 shall be limited to actual out-of-pocket losses or expenses of the General Partner and Special Limited Partner, and the payment of indemnification amounts shall be limited to the assets of the Partnership. There shall be no recourse to the Limited Partner and nothing contained herein shall constitute a waiver by the Limited Partner or its Affiliates of any right that it may have against any party under federal, state, or common law principles.

5.6 Representations, Warranties and Covenants of the General Partner and Special Limited Partner and Environmental Matters

5.6.1. The General Partner (as to itself and/or its Affiliates) hereby represents and warrants to the Limited Partner that the following are true and correct as of the date hereof and will be true and correct for the Term, unless specifically updated in writing and delivered to the

Limited Partner, from time to time, and such representations, warranties and covenants may be relied upon by counsel to the Limited Partner for purposes of any opinion such counsel may give in connection with the Limited Partner's investment in the Partnership;

(a) The Partnership is a duly organized limited partnership validly existing and in good standing under the laws of the State of Oregon, and has undertaken all acts, including without limitation, the filing of all certificates and the payment of all fees, taxes, and other sums necessary for the Partnership to operate as a limited partnership in the State of Oregon and to enable the Partnership to engage in its business and operate the Project in accordance with this Agreement.

(b) No event has occurred that has caused, and neither the General Partner nor the Special Limited Partner has acted in any manner that will cause: (i) the Partnership to be treated for federal income tax purposes as an association taxable as a corporation, (ii) the Partnership to fail to qualify as a limited partnership under the Act, or (iii) the Limited Partner to be liable for Partnership obligations.

(c) All consents or approvals of any governmental authority, or any other Person, necessary to admit the Limited Partner to the Partnership have been obtained by the General Partner, and the Partnership has taken all action under the laws of the State of Oregon, and any other applicable jurisdiction and has complied with all filing requirements necessary under the Act for the preservation of the limited liability of the Limited Partner, and all consents or approvals of any governmental authority, or any other Person, necessary in connection with the transactions contemplated by this Agreement have been or will be obtained by the General Partner in the ordinary course of business.

(d) To the best of the General Partner's knowledge, after due inquiry and investigation, it has delivered to the Limited Partner true copies of all documents material to the Limited Partner's investment in the Partnership and true copies of all amendments to such documents and all other material information relevant to the Project or to the admission of the Limited Partner to the Partnership. To the best of the General Partner's knowledge, all such information provided to the Limited Partner is accurate and complete in all material respects and the General Partner has not failed to provide the Limited Partner with any information necessary to make the information provided by the General Partner complete and accurate in all material respects.

(e) The Partnership is under no obligation, and neither the General Partner, the Special Limited Partner nor any of their respective Affiliates have taken any action that would cause the Partnership to be obligated, under any federal or state law, rule, or regulation to register the Interests and the Partnership, the Special Limited Partner and the General Partner have fully complied with any and all federal and state securities laws, as well as all applicable exemptions available for the sale of Interests without registration.

(f) The General Partner (A) is a limited liability company validly existing and in good standing under the laws of the State of Oregon, and (B) has full limited liability company power to enter into and consummate this Agreement and all instruments pertaining hereto and to perform all acts related thereto. The consummation of all transactions contemplated herein and in the Loan Documents and the Project Documents to be performed by the General Partner and/or its Affiliates does not and will not result in any material breach or violation of, or default under, the organizational documents and authorizing resolutions of the General Partner and/or its Affiliates or any agreements by which the General Partner and/or its Affiliates or any of its property is bound, or under any applicable law, administrative regulation, or court decree. From and after the date of formation of the Partnership, the General Partner has not pledged or otherwise encumbered its Interest in the Partnership and no third party has any interest therein, other than the pledge to the Lender of the Bridge Loan. The organizational documents and authorizing resolutions of the General Partner submitted to the Limited Partner on or prior to the date hereof are true, correct and complete and have not been amended. The General Partner will not change its organizational structure except as expressly permitted by this Agreement (provided that, the foregoing shall not limit or prohibit changes in the directors of the General Partner's sole member) and will not make any changes or amendments to its organizational documents and authorizing resolutions which would impair its ability to act as General Partner in accordance with this Agreement without the Consent of the Limited Partner. The performance by the General Partner of its obligations hereunder is in full accordance with, and in furtherance of, the Housing Authority GP Member's tax-exempt public purpose.

(g) No Event of Bankruptcy (or events which, in the course of time, would result in an Event of Bankruptcy) has occurred with respect to the General Partner, the Special Limited Partner any Guarantor or any of their respective Affiliates; provided that, with respect to the Special Limited Partner and its Affiliates, the foregoing excludes any representations regarding individual board members of the Special Limited Partner.

(h) Except as otherwise disclosed to the Limited Partner, no litigation, action, investigation, event, or proceeding is pending against the Partnership, the General Partner, the Special Limited Partner the Guarantor and/or the Project that would have a material adverse effect on the Partnership, the General Partner, the Special Limited Partner, any Guarantor or the Project. Further, to the best of its knowledge (after due inquiry) no such litigation, action, investigation, event or proceeding is threatened, that, if adversely resolved, would: (i) have a material adverse effect on the Partnership, the General Partner, the Special Limited Partner, any Guarantor or the Project; (ii) have a material adverse effect on the ability of the General Partner, the Special Limited Partner, any of their Affiliates or any Guarantor to perform their respective obligations under this Agreement, and/or the Project Documents, as applicable; (iii) have a material adverse effect on the financial condition of the General Partner, the Special Limited Partner, the Partnership or any Guarantor; or (iv) constitute or result, if true, in a material

breach of any representation, warranty, covenant, or agreement set forth in this Agreement, the Loan Documents and/or the Project Documents, as applicable.

(i) The General Partner have provided the Limited Partner with true and correct copies of all Project Documents, and neither the Partnership nor the General Partner has any obligations to any third parties, except for matters previously disclosed to the Limited Partner in writing which have received the Consent of the Limited Partner.

(j) The General Partner represents and warrants that all Project Documents are in accordance with applicable laws, codes and regulations and the construction of the Project will be completed in accordance therewith.

(k) No default (or event that, with the giving of notice or the passage of time or both, would constitute a default) has occurred and is continuing under any of the Project Documents, or any other contract, agreement, or instrument to which the Partnership, or the General Partner or Special Limited Partner is subject, and the Project Documents are in full force and effect and the Partnership is entitled to the benefit of the Project Documents.

(l) Neither the General Partner nor any of its Affiliates nor the Partnership have entered into any agreement or contract for the payment or offset of any construction loan or loan discounts, additional interest, yield maintenance or other charges or financing fees or any agreement to incur any financial responsibility with respect to the Project or providing for the guaranty of payment of any such interest charges or financing fees relating to the Loan Documents or for any kickback or rebate of fees under any Loan Document or other Project Document, other than those disclosed in this Agreement or the Project Documents; and in no event has the General Partner or the Partnership entered into any such agreement or guaranty of any kind whatsoever (such as an escrow arrangement or letter of credit arrangement) that may in any way affect allocation of the anticipated Credit to the Limited Partner.

(m) Neither the Partnership nor the General Partner (or any Affiliate thereof) is presently under any commitment to any real estate broker, rental agent, finder, syndicator or other intermediary with respect to the Partnership, the Project, or any portion thereof, except for any arrangements specifically described in this Agreement, the Project Documents and arrangements previously disclosed in writing to the Limited Partner, which have received the Consent of the Limited Partner.

(n) As of the date hereof, there are no outstanding loans or advances from the General Partner to the Partnership and the Partnership has no unsatisfied obligation to make any loan or advance repayments of any kind to the General Partner or its Affiliates other than the Development Fee, the Property Management Fees, legal fees, architect fees, construction management fees, general contractor fees, development completion fees and financing fees.

(o) As of the date hereof, the General Partner reasonably believe that, during the entire Term of the Partnership, (i) the fair market value of the Project will exceed the amount of indebtedness, and any accrued interest thereon, secured by the Project, (ii) the Partnership will be able to repay the Loans as they mature and (iii) the Project will remain solvent.

(p) There are no restrictions on the sale or refinancing of the Project, other than the restrictions set forth in the Loan Documents, the Project Documents, under Section 42 of the Code or under other applicable state or federal law respecting the Credits.

(q) The Partnership owns the Project, the buildings comprising the Project, and each of the Units (and the tangible and intangible personal property thereof), free and clear of any liens, charges, or encumbrances other than the Mortgages, matters set forth in the Title Policy, and mechanics' or other liens that have been disclosed to the Limited Partner in writing and affirmatively insured over or bonded against in such a manner as to effectively preclude the holder of such lien from having any recourse to the Project, any of the Units, or the Partnership for payment of any debt secured thereby and with all construction related actions, claims, litigation or proceedings (other than liens bonded over as described above) resolved in a manner acceptable to the Limited Partner. As of the date hereof, neither the General Partner nor the Special Limited Partner has received notice of any such liens, charges, encumbrances, actions, claims, litigation or proceedings.

(r) The General Partner represents and warrants that all building, zoning, and other applicable certificates, permits, and licenses necessary to permit the construction, use, occupancy, and operation of the Project have been obtained (or in the case of those as will be issued only after the Completion Date of the Project or any specified portion thereof, will be obtained), all improvements constructed or to be constructed on the Project, including, without limitation, any infrastructure requirements contemplated by the Project Documents, if any, have been or will be constructed and equipped in full compliance with the requirements of the Project Documents, of the Lenders and of all governmental authorities having jurisdiction over the Project including, without limitation, the Federal Fair Housing Act, as amended. Neither the Partnership, nor the General Partner or the Special Limited Partner, has received any notice as of the date hereof, or has any knowledge, of any violation with respect to the Project of any law, rule, regulation, order, or decree of any governmental authority having jurisdiction that would have a material adverse effect on the Project or the Partnership's investment in the Project (including the Partnership's ability to transfer the Project in accordance with terms of this Agreement) or the construction, use, occupancy, or operation thereof. The General Partner represents and warrants that the completion of any improvements, construction, alteration or rehabilitation on or of the Project or any portion thereof will not require the dedication of any portion of the Project to any applicable governmental entities.

(s) The General Partner represents and warrants the following: The Project has and will continue to have permanent unrestricted access to appropriate public roadways. All public utilities necessary to the operation of the Project, including, but not limited to, sanitary and storm sewers, water, gas (if applicable) telephone and electricity, are or will by the date each Unit in the Project is placed in service be, and will remain available to and connected to, the Project and each of the Units. The Project is an independent unit which does not rely on any drainage, sewer, access, parking, structural or other facilities located on any property not included in the Project or on public or utility easements, including the Easements, for the (i) fulfillment of any zoning, building code or other requirement of any governmental entity that has jurisdiction over the Project; (ii) structural support, or (iii) the fulfillment of the requirements of any lease or other agreement affecting the Project. The Partnership, directly or indirectly, has the right to use all amenities, easements, public or private utilities, parking, access routes or other items necessary for the construction or operation of the Project. The Project is either (i) contiguous to, or (ii) benefits from an irrevocable unsubordinated easement permitting access from the Project to, a physically open, dedicated public street, and has all necessary permits for ingress and egress and adequate public water, sewer systems and utilities are available to the Project. No building or other improvement not located on the Project relies on any part of the Project to fulfill any zoning requirements, building code or other requirement of any governmental entity that has jurisdiction over the Project for structural support or to furnish to such building or improvement any essential building systems or utilities.

(t) The General Partner represents and warrants that no amendments, modifications, or other changes or additions have been made to the Environmental Reports. Further, the General Partner represents, warrants and covenants to the Limited Partner, as follows:

i. To the best of the General Partner's knowledge, after due inquiry, except as set forth on the Environmental Reports, there presently are not in, on or under the Project, and from and after the Completion Date, there will be, no Environmental Hazard subject to regulation under applicable Environmental Laws.

ii. To the best of the General Partner's knowledge, after due inquiry, except for any matters set forth in the Environmental Reports, that the Project is in compliance with all applicable Environmental Laws and neither Partner has received notice of any violations of the Environmental Laws. The General Partner covenants and agrees to take all necessary action within its control to ensure that the Project is in compliance with the Environmental Laws at all times, and shall implement all recommendations set forth in the Environmental Reports prior to the Completion Date. The General Partner shall promptly deliver any notice it may receive of any violation of the Environmental Laws to the Partnership. For purposes of this Section 5.6(t), in addition to General Partner's actual knowledge, due inquiry consists of review of said Environmental Reports,

and any additional reports or testing of the Project required or suggested in said Environmental Reports.

iii. The General Partner shall cause the prompt (a) remediation of any and all existing mold and moisture problems; and (b) implementation of a moisture management and control program for the Project when applicable. Such moisture management program shall comply with all Environmental Laws, with all applicable requirements set forth in the Environmental Reports and with any then-current industry best practices and shall be subject to the Consent of the Limited Partner.

iv. The General Partner shall take all actions necessary to ensure that the Project contains no, and is not affected by the presence of, any Environmental Hazard, and to ensure that the Project is not in violation of any Environmental Law. The General Partner shall promptly deliver to the Limited Partner any notice received from any source whatsoever of the existence of any Environmental Hazard on the Project or of a violation of any Environmental Law with respect to the Project. If any Environmental Hazard (including, without limitation, lead-based paint, radon, mold, PCBs and/or asbestos) is found to exist or be present, the General Partner shall commence promptly the taking of action to assure it will be either removed from the Project and disposed of or encapsulated and/or otherwise corrected, contained and made safe and inaccessible, all in strict accordance with applicable federal, state and local statutes, laws (including any Environmental Laws), regulations, rules and ordinances, any recommendations set forth in the Environmental Reports, and any requirements in the Loan Documents.

v. The Partnership and the General Partner jointly and severally, shall indemnify and hold harmless the Limited Partner (the "Indemnified Party") from and against all claims, actions, causes of action, damages, costs, liability and expense (including, without limitation, reasonable attorneys' fees and expenses, court costs and remedial response costs) incurred or suffered by, or asserted by any Person, entity or governmental agency against the Indemnified Party, based upon a violation of the Environmental Laws, or respecting the presence of Environmental Hazards, subject to regulation by the Environmental Laws in, on or under the Project. Notwithstanding the foregoing, the General Partner shall not have an indemnification liability if the violation of the Environmental Laws or the presence of the Environmental Hazards arises solely after the effective date of the General Partner's removal or following any withdrawal or transfer of its entire Interest. The foregoing indemnification shall be a recourse obligation of the General Partner and the Partnership, and shall survive the dissolution of the Partnership, the death, retirement, incompetency, insolvency, bankruptcy, dissolution, removal or withdrawal of the General Partner and/or transfer of the General Partner's Interest. The indemnification authorized by this Section shall include, but not be limited to, direct and indirect costs and expenses incurred by the Limited Partner (including reasonable attorneys' fees and expenses), including, without limitation, the removal of any liens affecting any property of

the indemnitee as a result of such legal action and any Credit Deficiency. Notwithstanding anything herein to the contrary, the General Partner's obligation to indemnify and hold harmless pursuant to this paragraph shall only be with respect to matters caused by the acts and/or omissions of the General Partner.

If, at any time during the term of the Partnership, the Limited Partner determines that the representations of this subsection (t) may not have been true when made, or may have become untrue, the General Partner shall promptly obtain an environmental audit of the Project. The scope of such audit and the company performing it shall be subject to the Consent of the Limited Partner.

(u) Amounts paid to the General Partner and its respective Affiliates for services are reasonable in relation to the value of services provided and relate solely to the services actually rendered to the Partnership pursuant to agreements disclosed to, and acceptable to, the Limited Partner.

(v) The General Partner represents, warrants and covenants that certifications have been obtained or will be obtained in a timely fashion from the HCA and the issuer of the Project's tax-exempt bond financing, to the extent required in accordance with Code Sections 42(m)(1)(D) and 42(m)(2)(D), which confirm their determinations that (i) the Project satisfies the requirements for allocation of Credits under the qualified allocation plan applicable to the area in which the Project is located, and (ii) the Credits to be claimed with respect to the Project, as set forth in the Projections, do not exceed the amount necessary for the financial feasibility of the Project and its viability as a qualified low-income housing project throughout the Compliance Period pursuant to Section 42 of the Code.

(w) The General Partner represents, warrants and covenants that in accordance with Code Section 42(h)(4), at least 50% of the aggregate basis of the Project buildings and land has been or will be financed by the proceeds of bonds (i) the interest from which is exempt from federal income taxation under Section 103 of the Code, (ii) which are taken into account under the State volume cap, pursuant to Section 146 of the Code, and (iii) which will be redeemed within a reasonable period using principal payments on the loans provided from the proceeds of the issuance of the bonds. The General Partner represents, warrants and covenants that the Partnership will elect to lock-in the "applicable percentage" for the Federal Low-Income Credit, within the meaning of Section 42(b) of the Code, prior to the fifth (5th) day of the calendar month following the month in which the tax-exempt bond financing closes. Notwithstanding the foregoing, such "applicable percentage" may be a floating rate. In addition, the Project is located in a "qualified census tract" or a "difficult to develop area" as defined in Code Section 42(d)(5)(B)(ii) and (iii) or received a "basis boost" as defined in Code Section 42(d)(5)(B)(v).

(x) The General Partner represents, warrants and covenants that the Partnership will use diligent efforts to construct the Project and thereafter operate the Credit Units as low-income housing as required by the Code in order to qualify for and

maintain the Credit and other tax benefits anticipated in connection therewith, pursuant to the Projections.

(y) The Partnership has not made, and will not make, any elections under the Code without the Consent of the Limited Partner that would affect the amount, timing, availability, or allocation of Credits or losses that would be contrary to the assumptions made in the Projections.

(z) No more than 22.5% of Project is or will be treated as tax-exempt use property as defined in Section 168(h) of the Code, and the General Partner will take all actions necessary or appropriate to prevent more than 22.5% of the Project being subject to such treatment. The General Partner will not file on behalf of the Partnership an election to opt-out of up to 78.5% of bonus depreciation that is otherwise available with respect to the site work and personal property which is part of the Project and is not tax-exempt use property pursuant to Section 168(k) of the Code.

(aa) The General Partner represents, warrants and covenants that the Project has been acquired, has been and will be operated at all times beginning with the first day of the Compliance Period (as defined in Section 42(i)(1) of the Code) in a manner which satisfies all requirements and restrictions, including tenant income and rent restrictions, applicable to projects which qualify for the Credit and all requirements under the Loans and the Extended Use Agreement, including, without limitation, the following:

i. The General Partner represents, warrants and covenants that all of the Units in the Project shall be occupied by households with income at or below sixty percent (60%) of the area median gross income, and twenty percent (20%) of the HOME-assisted Units (as determined by applicable HOME Investment Partnership Act requirements) in the Project must be occupied by households with income at or below fifty percent (50%) and (80%) of such area median gross income, as applicable, and as required by Section 42(g)(1) of the Code or held vacant and available for occupancy by such tenants through the end of the Extended Use Period. The General Partner and Special Limited Partner shall not, by act or omission, permit any act to be taken that would cause the termination or discontinuance of the qualification of each Credit Unit, as a “low income unit” under Section 42(i)(3) of the Code or the qualification of the Project as a “qualified low income housing project” under Section 42(g)(1)(B) of the Code and any Treasury Regulations and rulings promulgated thereunder.

ii. The General Partner represents, warrants and covenants that the gross rents paid by tenants of Credit Units shall not exceed the lesser of (a) the qualifying income standard applicable to the Project pursuant to Code Section 42(g)(2)(A), generally thirty percent (30%) of the qualifying percentage (i.e. 60% of the imputed median gross income as adjusted by the applicable utility allowances), and (b) those rental amounts approved by the HCA from time to time

iii. The Units in the Project will be suitable for occupancy

iv. The General Partner represents, warrants and covenants that the Units in the Project will not be used on a transient basis.

v. The General Partner shall elect to begin the Credit Period in 2019 or such alternate date as shall be acceptable to the Limited Partner. The General Partner shall make a timely election under Section 42(g)(3) of the Code to treat this Project as a multi-building Project.

vi. During the Extended Use Period, the General Partner shall prepare and submit to the Secretary of the Treasury, the HCA (and/or any other governmental authority designated for such purpose), on a timely basis, any and all annual reports, information returns, and other certifications and information and shall take any and all other action required: (i) to ensure that the Partnership (and its Partners) will continue to qualify for the Credit for each of the Credit Units and the Project, and (ii) to avoid recapture, reduction or disallowance of the Credit or the imposition of penalties or interest on the Partnership or any of the Partners for failure to comply with the Code or applicable state law. The General Partner agrees to cause the Partnership to pay, as and when due, any fees charged by the HCA for monitoring credit compliance.

vii. Reserved.

viii. The General Partner shall cause the Project to comply with the applicable tenant income and rental restrictions of FHA in connection with the 221(d)(4) program (the "**FHA Restrictions**"). The General Partner shall cause to be kept all records, and shall timely submit all certifications, financial and tenant reports and any other documentation required to satisfy the FHA Restrictions. The General Partner shall cause the Project to comply with the applicable tenant income and rental restrictions of the HCA (the "**LURA Restrictions**") and the HOME Investment Partnership Act (the "**HOME Restrictions**") respecting the Project. The General Partner shall cause to be kept all records, and shall timely submit all certifications, financial and tenant reports and any other documentation required to satisfy the LURA Restrictions and the HOME Restrictions

ix. The General Partner shall cause the Project to comply with the applicable tenant income and rental restrictions of HUD in connection with the Section 8 project-based voucher program (the "**PBV Restrictions**"). The General Partner shall cause to be kept all records, and shall timely submit all certifications, financial and tenant reports and any other documentation required to satisfy the PBV Restrictions.

x. The General Partner represents, warrants and covenants that all community facilities and common area improvements within the Project are and will be made available only to tenants and invitees and guests of tenants as permitted by the Code, of the Project and at no charge, based on rules uniformly enforced and on a comparable basis, and such facilities and improvements are of a size appropriate for a project of the size of the Project.

xi. The General Partner will cause the Partnership and/or the Management Agent to enter into a Supportive Services Agreement in accordance with the resident services plan as required by the HCA.

(bb) For federal income tax purposes, the Partnership and the General Partner report, and shall continue to report their income on the accrual method of accounting. On behalf of the Partnership, the General Partner has filed,, and will continue to file, any and all certifications and other documents on a timely basis with the IRS, the Oregon taxing authorities and any other federal, state or local governmental agency or political subdivision as have been and may be required to support the annual allocation of Credits, all of which certifications and other documents (including without limitation Forms 8609 and Schedule A thereto) shall be in all respects reasonably acceptable to the Limited Partner as to form and substance and in full accordance with applicable law. The General Partner shall provide the initial Forms 8609 at least 14 calendar days prior to the date such Form is filed with the IRS, and all federal tax returns of the Partnership to the Limited Partner pursuant to Section 13.3(a)(7).

(cc) The General Partner represents and warrants that the Partnership maintains and will continue to maintain insurance on all Partnership activities and the Project which complies with the terms specified in this Agreement.

(dd) No attachments, execution proceedings, assignments for the benefit of creditors, insolvency, bankruptcy, reorganization or other proceedings are pending or threatened against the Partnership, the Special Limited Partner, any Guarantor, or the General Partner.

(ee) To the best of the General Partner's knowledge, after due inquiry, there is not any plan, study or effort of any applicable governmental entities, which in any way would materially adversely affect the use of the Project for its intended uses or any intended public improvements which will result in any material charge being levied against, or any material lien assessed upon, the Project. The General Partner represents and warrants that there is not any existing, proposed or contemplated plan to widen, modify or realign any street or highway contiguous to the Project.

(ff) To the best of the General Partner's knowledge, after due inquiry, there are no defects or conditions of the soil which will materially adversely affect the use, occupancy and operation of the Project, and no need for unusual or new subsurface excavations, fill, footings, caissons or other installations. The General Partner will cause the Project, as built, to be constructed in a manner compatible with the soil condition at the time of construction and all necessary excavations, fills, footings, caissons and other installations will then have been provided. Further, the General Partner will cause the foundation(s) on the Building(s) in the Project to be located in a manner which is not in violation of applicable Project setbacks and/or which does not encroach on any Project easements and/or over adjacent property lines, and which has been placed in the location and at the correct elevations as were authorized in the site plan for the Project.

(gg) Neither the General Partner nor the Partnership has received any notice from any insurance company or any applicable governmental entity, nor has any knowledge, of any violation of applicable codes or insurance requirements or any defect in, on or about the Project.

(hh) The Partnership has not entered into any contracts for the sale of the Project, nor do there exist any rights of first refusal or options to purchase the Project, except as provided herein.

(ii) To the best knowledge and belief of the General Partner, no circumstances now exist that would materially and adversely affect the reasonable likelihood of achieving the objectives and the benefits set forth in the Projections attached hereto as Exhibit F. To the best knowledge and belief of the General Partner, all of the Project information and assumptions in the Projections, including, without limitation, Project development budget costs, rents, utility costs, based upon tenant utilities being paid by the tenant and other operating and maintenance expenses, depreciation, the Lease-up Period and the funding of Project Loans are accurate and achievable.

(jj) Other than respecting the Bridge Loan and the guaranty to the Lenders by Pedcor Investments, LLC, which shall continue until the release criteria set forth in the Loan Documents have been achieved, and any Loans from the General Partner or its Affiliates, none of the Partners or the Partnership has or will have, pursuant to the terms of the Loans, any personal liability as maker, guarantor, partner or otherwise with respect to the payment of principal or interest on the Loans, and in the event of default thereon, the sole recourse of any Lender or other lender shall be to the Project and pledged collateral.

(kk) The General Partner represents, warrants and covenants that the development and operation of the Project shall be undertaken in a manner that complies with the provisions of all applicable Federal, State or local laws prohibiting discrimination on the grounds of age, race, color, religion, creed, sex, handicap, familial status or national origin, including any applicable requirements of Title VI of the Civil Rights Act of 1964; the Fair Housing Act of 1968 and the Housing for Older Persons Act; the Americans with Disabilities Act; the Age Discrimination Act of 1975; all requirements under Section 42 of the Code respecting use of the Credit Units by the general public; and all requirements imposed by or pursuant to the regulations implementing these authorities.

(ll) The General Partner hereby represents that all Project costs certified by the Accountants as properly includable in the qualified basis of the Project are inextricably connected with the building(s) making up the Project as described in the Technical Advice Memoranda released by the IRS on October 27, 2000 and November 3, 2000 published by the National Office in connection with audits of Credit projects.

(mm) The Project will meet all requirements to qualify for the Property Tax Exemption projected to be available to the Partnership under the Projections.

5.6.2. The Special Limited Partner (as to itself and/or its Affiliates hereby represents and warrants to the Limited Partner that the following are true and correct as of the date hereof and will be true and correct for the Term, unless specifically updated in writing and delivered to the Limited Partner, from time to time, and such representations, warranties and covenants may be relied upon by counsel to the Limited Partner for purposes of any opinion such counsel may give in connection with the Limited Partner's investment in the Partnership:

(a) The Special Limited Partner (A) is a public body corporate and politic under the laws of the State of Oregon and (B) has full power to enter into and consummate this Agreement and all instruments pertaining hereto and to perform all acts related thereto. The consummation of all transactions contemplated herein and in the Loan Documents and the Project Documents to be performed by the Special Limited Partner and/or its Affiliates does not and will not result in any material breach or violation of, or default under, the organizational documents and authorizing resolutions of the Special Limited Partner and/or its Affiliates or any agreements by which the Special Limited Partner and/or its Affiliates or any of its property is bound, or under any applicable law, administrative regulation, or court decree. From and after the date of formation of the Partnership, the Special Limited Partner has not pledged or otherwise encumbered its Interest in the Partnership and no third party has any interest therein, other than the pledge to the Lender of the Bridge Loan. The organizational documents and authorizing resolutions of the Special Limited Partner submitted to the Limited Partner on or prior to the date hereof are true, correct and complete and have not been amended.

(b) No Event of Bankruptcy (or events which, in the course of time, would result in an Event of Bankruptcy) has occurred with respect to the Special Limited Partner or any of its respective Affiliates; provided that, the foregoing excludes any representations regarding individual board members of the Special Limited Partner.

(c) Except as otherwise disclosed to the Limited Partner, no litigation, action, investigation, event, or proceeding is pending against the Special Limited Partner that would have a material adverse effect on the Partnership, the General Partner, the Special Limited Partner, any Guarantor or the Project. Further, to the best of its knowledge (after due inquiry) no such litigation, action, investigation, event or proceeding is threatened, that, if adversely resolved, would: (i) have a material adverse effect on the Partnership, the General Partner, the Special Limited Partner, any Guarantor or the Project; (ii) have a material adverse effect on the ability of the General Partner, the Special Limited Partner, any of their Affiliates or any Guarantor to perform their respective obligations under this Agreement, and/or the Project Documents, as applicable; (iii) have a material adverse effect on the financial condition of the General Partner, the Special Limited Partner, the Partnership or any Guarantor; or (iv) constitute or result, if true, in a material breach of any representation, warranty, covenant, or agreement set forth in this Agreement, the Loan Documents and/or the Project Documents, as applicable.

(d) As of the date hereof, there are no outstanding loans or advances from the Special Limited Partner to the Partnership except the HOME Loan and the Disposition Loan, and the Partnership has no unsatisfied obligation to make any loan or advance repayments of any kind to the Special Limited Partner or its Affiliates other than the Development Fee, the Property Management Fees, legal fees, architect fees, construction management fees, general contractor fees, development completion fees and financing fees.

(e) All consents or approvals of any governmental authority, or any other Person, necessary in connection with the transactions to be performed by the Special Limited Partner contemplated by this Agreement have been or will be obtained by the Special Limited Partner in the ordinary course of business.

(f) To the Special Limited Partner's knowledge, after reasonable inquiry and investigation, it has delivered to the Limited Partner true copies of all documents requested by the Limited Partner that it deems material to the Limited Partner's investment in the Partnership and true copies of all amendments to such documents and all other material information relevant to the Project or to the admission of the Limited Partner to the Partnership. To the Special Limited Partner's knowledge, all such information provided to the Limited Partner is accurate and complete in all material respects and the Special Limited Partner has not failed to provide the Limited Partner with any information necessary to make the information provided by the Special Limited Partner complete and accurate in all material respects.

(g) Neither the Special Limited Partner, nor any of its Affiliates have entered into any agreement or contract for the payment or offset of any construction loan or loan discounts, additional interest, yield maintenance or other charges or financing fees or any agreement to incur any financial responsibility with respect to the Project or providing for the guaranty of payment of any such interest charges or financing fees relating to the Loan Documents or for any kickback or rebate of fees under any Loan Document or other Project Document, other than those disclosed in this Agreement or the Project Documents; and in no event has the Special Limited Partner entered into any such agreement or guaranty of any kind whatsoever (such as an escrow arrangement or letter of credit arrangement) that may in any way affect allocation of the anticipated Credit to the Limited Partner

5.7 Additional Covenants of the General Partner and Special Limited Partner

5.7.1. The General Partner covenants to the Limited Partner that for the Term:

(a) The General Partner shall cause the Partnership to do all things necessary to maintain its status as a limited partnership in good standing and to continue to have full limited partnership power and authority to acquire the Project and to develop, construct, operate, and maintain the Project in accordance with the terms of this Agreement and to enable the Partnership to engage in its business.

(b) The General Partner shall not act in any manner that will cause (i) the Partnership to be treated for federal income tax purposes as an association taxable as a corporation, (ii) the Partnership to fail to qualify as a limited partnership under the Act, or (iii) the Limited Partner to be liable for Partnership obligations.

(c) The General Partner shall continue to take all action under the laws of the state of Oregon and any other applicable jurisdiction that is necessary to protect the limited liability of the Limited Partner.

(d) The General Partner shall, during and after the period in which it is a Partner, provide the Partnership with such information and sign such documents as are necessary for the Partnership to make timely, accurate and complete submissions of federal and state income tax returns.

(e) The General Partner shall furnish to counsel for the Limited Partner promptly as and when requested in connection with the rendering of any legal opinion concerning federal income tax relating to the Limited Partner's investment in the Partnership, all documents requested by counsel for the Limited Partner.

(f) The General Partner promptly inform the Partnership of any litigation, action, investigation, event, or proceeding that is pending respecting the Partnership, the General Partner, the Special Limited Partner, the Project and/or any Guarantor, including without limitation, any failed REAC (Real Estate Assessment Center) inspections and any Form 8823 notices of non-compliance received by the Partnership and, further, upon receipt of any notice or knowledge shall promptly inform the Partnership of any such matter which is threatened which, if adversely resolved, would (i) have a material adverse effect on the Partnership or the Project; (ii) have a material adverse effect on the ability of the General Partner, the Special Limited Partner or a Guarantor or any of their respective Affiliates to perform their respective obligations under this Agreement; (iii) have an adverse effect on any adjacent property, which would have a material adverse effect on the Project or the Partnership's investment in the Project; (iv) have a material adverse effect on the financial condition of the General Partner, the Special Limited Partner or any Guarantor; or (v) constitute or result, if true, in a material breach of any representation, warranty, covenant, or agreement set forth in this Agreement.

(g) The General Partner shall promptly inform the Partnership and the Limited Partner upon receiving any notice of or having any knowledge of, any violation with respect to the Project of any law, rule, regulation, order, or decree of any governmental authority having jurisdiction, which would have a material adverse effect on the Project (including the Partnership's ability to transfer the Project in accordance with the terms of this Agreement) or the Project or the construction, rehabilitation, use, occupancy, or operation thereof.

(h) The General Partner shall furnish to the Limited Partner, within three (3) business days of receipt thereof, a copy of any notice of default under the Loan Notes, the Mortgages, any of the Project Documents, or any of the Loan Documents given to the Partnership, the General Partner or the Special Limited Partner.

(i) The General Partner covenants that the Guarantors shall at all times maintain a positive net worth of \$35,000,000, or more, which shall include (1) the individual Guarantor's net worth plus (2) the members' equity of Pedcor Investments, LLC, which is not included in the individual Guarantor's net worth; at least \$2,000,000 of which shall at all times be represented by the Guarantor's combined cash or cash, marketable securities, and cash equivalents and shall take any and all actions as may be necessary from time to time to maintain such net worth. Such calculation shall also include unused lines of credit for the benefit of any one or more of the Guarantors from Pedcor Bancorp, Pedcor Financial, LLC, Pedcor Capital Corporation, Pedcor Funding Corporation, Pedcor Financial Bancorp or Pedcor Residential, LLC for which all conditions to funding are currently capable of being met and provided no other party has rights to any amounts due thereunder.

(j) The General Partner will not cause or allow restrictions on the sale or refinancing of the Project, other than the restrictions set forth in this Agreement, the Loan Documents, the Project Documents, and any applicable requirements of HCA.

(k) The General Partner will cause all of (i) the fixtures, maintenance supplies, tools, equipment and like owned or to be owned by the Partnership or to be appurtenant to, or to be used in the operation of the Project as well as (ii) the rents, revenues and profits earned from the operation of the Project, to be free and clear of all security interests and encumbrances except for the liens and security interests of the Loans described herein.

(l) The General Partner or its Affiliates shall cause the construction of the Project to be completed substantially in accordance with the relevant Project Documents and the Project thereafter operated as low income housing as required by the Code, in order to qualify for and maintain the Credit and other tax benefits anticipated in connection therewith. In addition, the General Partner shall use its best efforts to obtain all applicable permanent certificates of occupancy for the Project no later than the Completion Date. The General Partner shall obtain all building, zoning, environmental, wetland and other applicable certificates, permits, and licenses necessary to permit the construction, use, occupancy, and operation of the Project that are obtainable only after completion of the Project or a specified portion thereof. The General Partner represents, warrants and covenants that all improvements constructed or to be constructed on the Project shall be constructed and equipped in full compliance with the requirements of all governmental authorities having jurisdiction over the Project.

(m) The General Partner will cause the Partnership to keep all public utilities necessary to the operation of the Project, including, but not limited to, sanitary and storm sewers, water, and electricity, operating in working condition, to the extent required by law and pursuant to the residential lease agreement of any of the Units.

(n) The General Partner will cause the Project, including each of the Units, to be operated in compliance with all applicable zoning regulations, ordinances, and subdivision laws, rules, and regulations.

(o) The General Partner will secure from the General Contractor a construction completion guarantee, to be secured with a letter of credit in an amount, issued by an acceptable financial institution, and in form and substance acceptable to the Limited Partner, which amount will not be less than twenty-five percent (25%) of the Project guaranteed maximum price construction contract amount or secured by a one hundred percent (100%) payment and performance bond, naming the Limited Partner as co-obligee thereon pursuant to Co-obligee Rider.

(p) The General Partner will cause the Partnership to maintain insurance against risks that are of a character usually insured by Persons engaged in a similar business and in form and amount and covering such risks as is usually carried by such Persons including, but not limited to, insurance of the type described in the Insurance Requirements Checklist attached as Exhibit G; provided, however, that: (i) in addition to such requirements, the Partnership shall at all times comply with the insurance requirements imposed by the Lenders and/or required by the Limited Partner; (ii) all such insurance policies are and shall be in full force and effect during the Term of the Partnership; and (iii) USBCDC shall be named as certificate holder and an additional insured on each such policy and shall have the right to receive thirty (30) days' notice prior to any termination or reduction of coverage by the insurer.

(q) Except as expressly permitted by this Agreement, the General Partner will not permit any assignment of any agreement between the Partnership and any Affiliate of the General Partner, nor will the General Partner permit a change in the control of any Affiliate that has entered into any agreement with the Partnership unless, in connection with such assignment or change of control, Pedcor Investments, A Limited Liability Company or any combination of Pedcor Investments, A Limited Liability Company, Bruce A. Cordingley, Gerald K. Pedigo and/or Phillip J. Stoffregen continues to maintain a controlling membership interest in and/or manage such Affiliate of the General Partner which remains a party to such agreement.

(r) The General Partner shall investigate and report to the Limited Partner any proposal or offer of any Person, including the General Partner, to acquire the Project or the Interest of the Limited Partner.

(s) The General Partner will cause the Partnership to comply in all material respects with all of the terms and conditions of the residential lease agreement for each of the Units.

(t) The General Partner shall not employ any Person as an employee of the Partnership.

(u) The General Partner (subject to the terms of Section 5.1(b) hereof) will (i) execute on behalf of the Partnership all documents necessary to elect, pursuant to Sections 734, 743, and 754 of the Code, to adjust the basis of the Partnership's property, if, in the sole opinion of the accountants for the Limited Partner, such election would be advantageous to the Limited Partner; (ii) provide to the accountants for the Limited Partner for review and approval before filing each IRS Form 8609 Tax Credit Allocation

and any applicable State credit certifications for the Project; and (iii) make such elections on the IRS Form 8609 Tax Credit Allocation and any applicable State credit certifications which in the sole opinion of the accountants for the Limited Partner, are advantageous to the Limited Partner. In addition, the General Partner shall obtain the Consent of the Limited Partner to make any election under the Code that would affect the amount, timing, availability, or allocation of Credits or losses, or which is otherwise required under Section 13.4 hereof; provided, however, that notwithstanding the foregoing, any elections other than those elections that are already reflected in the Projections shall require the mutual consent of the General Partner and the Limited Partner.

(v) The General Partner will not cause the Partnership to accept any grant of funds not specifically provided for in this Agreement after the Admission Date without the Consent of the Limited Partner.

(w) No separate fee will be charged to the tenants of the Project for the use of any of the common area facilities for which the cost was included in the eligible basis of the Project for determining the amount of Credits.

(x) The General Partner shall not permit its respective members to convey their membership interests in the General Partner, respectively, outstanding at any time without the Consent of the Limited Partner, except as otherwise expressly permitted by this Agreement and except in the event that Pedcor Investments, A Limited Liability Company or any combination of Pedcor Investments, A Limited Liability Company, Bruce A. Cordingley, Gerald K. Pedigo and/or Phillip J. Stoffregen continues to maintain a controlling membership interest in and/or manage the General Partner. The Special Limited Partner shall not permit its member to convey its membership interest in the Special Limited Partner without the Consent of the Limited Partner, unless, following the conveyance, the Property Tax Exemption would continue to remain in full force and effect.

(y) The General Partner shall (i) file any and all documentation, as may be applicable, necessary to obtain and maintain the exemption of one hundred percent (100%) of all property taxes by any applicable state, county, city or other taxing body for the Project authorized pursuant to Section 307.092 of the Oregon Revised Statutes (the "**Property Tax Exemption**") or (ii) in the event the Property Tax Exemption is no longer effective, fully fund all Operating Deficits and pay all applicable buildings use, sale and property taxes assessed on the Project.

(z) The General Partner shall cause the Partnership to comply with the terms and provisions of the Easements, and the documents pertaining to the Property Tax Exemption.

(aa) Other than those loans disclosed to, and approved by, the Limited Partner in writing, and except as otherwise expressly permitted by this Agreement, neither the General Partner nor any of its Affiliates nor the Partnership, nor any of its Affiliates, shall enter into any agreement or contract for the payment or offset of any construction loan or loan discounts, additional interest, yield maintenance or other interest charges or

financing fees or any agreement to incur any financial responsibility with respect to the Project or providing for the guaranty of payment of any such interest charges or financing fees relating to any loan or enter into any such agreement or guaranty of any kind whatsoever (such as an escrow arrangement or letter of credit arrangement) that would subject the Partnership or any of its Partners, to personal liability or, in the opinion of counsel to the Limited Partner, economic risk of loss as to a loan, nor shall the General Partner make any loan that shall be personally enforceable by any lender of a loan or that may in any way affect allocation of Credit to the Limited Partner.

(bb) The General Partner agrees that it will not cause the Limited Partner to become, and it will take all steps necessary to prevent the Limited Partner at any time from becoming, personally liable for payment or performance under the Loan Notes or the Mortgages. Except for the Bridge Loan and the guaranty to the Lenders by Pedcor Investments, LLC, which shall continue until the release criteria set forth in the Loan Documents have been achieved, or any loans from the General Partner or an Affiliate, (i) the General Partner agrees that neither it nor any of its Affiliates will at any time become, in the opinion of counsel to the Limited Partner, subject to any economic risk of loss within the meaning of Treasury Regulation Section 1.752-2, or any successor provision, with respect to any Partnership obligation, and (ii) the sole recourse of the Lenders under the Loan Notes with respect to the principal thereof, interest thereon or any other obligation thereunder, shall be to the assets of the Partnership and the Loan Notes shall contain similar nonrecourse provisions, in each case except for those customary exclusions for such matters as fraud, misappropriation of funds, environmental hazards or waste that, in the opinion of counsel to the Limited Partner, do not cause the Mortgages to become debt instruments as to which a Partner has an economic risk of loss under Treasury Regulation Section 1.752-2, or any successor provision

(cc) The General Partner is exclusively responsible for negotiating and performing all services incident to (i) the Partnership's acquisition of the land underlying the Project, (ii) the arranging of appropriate zoning and equity and permanent financing with respect to the Project (including, but not limited to, reviewing the HCA's qualified allocation plan, applying for Credits and obtaining such marketing and feasibility studies and appraisals as it deems reasonably necessary) and (iii) organization and formation of the Partnership. In addition, the General Partner, to the extent set forth in this Agreement, are responsible for the management and operation of the Partnership, including the oversight of the rent-up and operational stages of the Project, and it shall promptly take all action that may be necessary or appropriate for the proper development, maintenance and operation of the Project in accordance with the provisions of this Agreement and the Project Documents. In this regard, among other things, the General Partner shall have the obligations to keep the Project in good working order and condition, reasonable wear and tear excepted, to not commit waste with respect to the Project and to promptly repair or replace any damage to the Project, as a Partnership Expense, except for those costs required to be paid by the General Partner pursuant to its guaranties herein.

(dd) [Neither the General Partner nor its Affiliates will cause by its action or inaction, directly or indirectly, any default to occur under the Letter of Credit

Documents. The General Partner shall maintain the letter of credit and/or cash deposit requirements of the FHA Lender for the Operating Deficit Reserve and Working Capital Reserve at all times during the term of the FHA Loan].

(ee) Neither the General Partner nor the Special Limited Partner shall permit or cause to be permitted any amendment or modification of its organizational documents, MOU, Development Fee Sharing Agreement, or otherwise enter into any other agreement (side agreement or otherwise) that would cause the Special Limited Partner or Housing Authority GP Member's share of allocated items hereunder to exceed .005% and 22.5%, respectively.

(ff) The General Partner shall cause the Developer to establish and maintain the Completion Guaranty Collateral Account no later than the Admission Date, in the initial amount of **[\$[1,100,000] (the "Escrow Amount")** and enter into the Blocked Account Control Agreement and Bank Account Pledge Agreement with respect thereto (collectively, the "**Escrow Agreements**"). The Escrow Amount shall be used to pay Contractor Fees in the event that costs to fund Development Completion Requirements exceed projected amounts resulting in a shortfall to pay Contractor Fees during the construction phase. The Escrow Agreements may be terminated upon the Completion Date at the Limited Partner's discretion to the extent that Project sources and uses are sufficiently balanced at such time to fund Contractor Fees upon the schedule set forth in the Projections.

5.7.2. The Special Limited Partner covenants (as to itself only) to the Limited Partner that for the Term:

(a) The Special Limited Partner shall promptly inform the Partnership of any litigation, action, investigation, event, or proceeding that is pending respecting the Partnership, the Special Limited Partner or the Project and, further, upon receipt of any notice or knowledge shall promptly inform the Partnership of any such matter which is threatened which, if adversely resolved, would (i) have a material adverse effect on the Partnership or the Project; (ii) have a material adverse effect on the ability of the General Partner, the Special Limited Partner or a Guarantor or any of their respective Affiliates to perform their respective obligations under this Agreement; (iii) have an adverse effect on any adjacent property, which would have a material adverse effect on the Project or the Partnership's investment in the Project; (iv) have a material adverse effect on the financial condition of the General Partner, the Special Limited Partner or any Guarantor; or (v) constitute or result, if true, in a material breach of any representation, warranty, covenant, or agreement set forth in this Agreement.

(b) The Special Limited Partner shall promptly inform the Partnership upon receiving any notice of or having any knowledge of, any violation with respect to the Project of any law, rule, regulation, order, or decree of any governmental authority having jurisdiction, which would have a material adverse effect on the Project (including the Partnership's ability to transfer the Project in

accordance with the terms of this Agreement) or the Project or the construction, rehabilitation, use, occupancy, or operation thereof.

(c) Except as expressly permitted by this Agreement, the Special Limited Partner will not consent to any assignment of any agreement between the Partnership and any Affiliate of the Special Limited Partner, nor will the Special Limited Partner consent to a change in the control of any Affiliate that has entered into any agreement with the Partnership, except in the event that the Property Tax Exemption will thereafter remain in full force and effect following such change or assignment.

(d) Upon request from the General Partner, Special Limited Partner shall (i) file any and all documentation provided by the General Partner, as may be applicable, necessary to obtain and maintain the exemption of one hundred percent (100%) of all property taxes by any applicable state, county, city or other taxing body for the Project authorized pursuant to Section 307.092 of the Oregon Revised Statutes (the “*Property Tax Exemption*”). In consideration for its services in connection with securing and maintaining the Property Tax Exemption, the Special Limited Partner shall be entitled to receive the SLP Administrative Management Fee in an amount of up to \$5,000 annually, from available Cash Flow in the priority set forth in Exhibit A-5 hereto.

(e) The Special Limited Partner shall furnish to the Limited Partner a copy of any notice of default under the Loan Notes, the Mortgages, any of the Project Documents, or any of the Loan Documents given to the the Special Limited Partner.

(f) The Special Limited Partner will not cause or allow restrictions on the sale or refinancing of the Project, other than the restrictions set forth in this Agreement, the Loan Documents, the Project Documents, and any applicable requirements of HCA.

5.8 No Compensation

Except for fees specifically provided for herein, the General Partner shall not be entitled to receive any compensation in connection with its performance of its duties as General Partner.

5.9 Obligation to Complete Construction; Limited Partner Draw Review and Approval; Cost Savings.

(a) The General Partner shall complete the full construction of the Project and any required or recommended environmental remediation, or cause the same to be completed in a good and workmanlike manner, in accordance with the Plans and Specifications and the Project Documents, free and clear of all defects and mechanics’, materialmen’s, or similar liens and with all construction related actions, claims, litigation or proceedings resolved in a manner acceptable to the Limited Partner. Further, the General Partner shall equip the Project or cause the same to be equipped with all necessary and appropriate

fixtures, equipment and articles of personal property, including, without limitation, refrigerators and ranges, all in accordance with the Loan Documents and the Project Documents, and shall provide for, or cause to be provided for, all other actions and performance required to arrive at Cost Certification and the Completion Date in conformity with the Loan Documents and the Project Documents, and shall meet all requirements for obtaining and maintaining all necessary certificates of occupancy and use permits for all the Units in the Project. Any change in the designation of the General Contractor or the Architect for the Project, or any modification of the Project Documents will require the Consent of the Limited Partner. In addition, General Partner shall cause to be completed and provided to the Limited Partner in a timely manner monthly construction reports commencing with construction and (b) lease-up status reports commencing with lease up and due within five (5) days of month end, in the form requested by the Limited Partner from time to time. Further, the General Partner will submit to the Limited Partner and the Construction Inspector all monthly draws and all change orders in excess of \$25,000 per occurrence or \$100,000 in the aggregate, for the approval of the Limited Partner concurrently with the Lender(s), together with a current change order log. Except as set forth below respecting any materials stored offsite, if Limited Partner does not deliver written comments to the General Partner within ten (10) business days of receipt of the complete package respecting the applicable draw or change order, such draw or change order will be deemed to be approved. The General Partner may not submit a request for disbursement more frequently than once per month without the Consent of the Limited Partner. Each monthly draw disbursement request shall include:

(1) draw disbursement cover sheet to include draw package contents, owner's draw number, total amount of request, and reallocation of funds if applicable:

i. a full project budget outlining all sources and uses of funds along with a flow of funds (including projected funding dates) and showing what has been disbursed to date, the current request, and what remains to be funded, and all other information set forth on Exhibit H attached hereto, or such other form disclosed to and approved by the Limited Partner (the Limited Partner acknowledges that it has approved the HUD audit form provided to the Limited Partner and the financial reports used in Pedcor 104-Village Park),

ii. an itemized payee list for all soft costs including copies of all invoices, (and if such invoices or other backup are more than 90-days old, the Limited Partner may request additional information as to the reason for the delay in submission), together with any supplemental items(s) required by Investor,

iii. General Contractor requests for payment in the form of (HUD-92448 Contractor's Requisition form and the HUD-2328 Contractor's and/or Mortgagor's Cost Breakdown form), which include contractor, mortgagor's, and Architect's certifications, and

to the extent such monthly requisition includes a change order, the applicable change order form (together with all supporting back-up documentation).

iv. updated current construction schedule

v. a conditional lien waiver of mechanic's lien and/or materialman's lien, executed by the General Contractor in the amount of the lienable costs of the Project payable from the requested advance, together with and unconditional lien waiver of mechanic's lien and/or materialman's lien executed by the General Contractor respecting the immediately preceding advance which has been paid,

vi. first tier subcontractor payee list and lien waiver tracking log, and subcontractor pay applications and lien waivers

vii. all other documentation to be provided to the Lender or to the title company in connection with such draw,

viii. satisfactory evidence of mechanic's lien coverage or a date-down of the Title Policy, or, if not available in the State, a current title report, showing no liens or other encumbrances not previously approved by the Limited Partner in writing,

ix. in connection with the final draw, a Form AIA G706/706A with final lien waivers attached or such other form reasonably required by Investor or Title Company from General Contractor,

x. in connection with a final draw request which includes a request to release retention (other than retention held pursuant to any outstanding punch list items):

(i) evidence that the public authorities with jurisdiction over the Project have approved the Project in its entirety for temporary or permanent occupancy to the extent any such approval is a condition of the lawful use and occupancy of the Project.

(ii) a fully executed AIA G704 Certificate of Substantial Completion from the Architect and all available punch lists;

(iii) evidence of the insurance required under this Agreement (such as a rollover from builder's risk to standard property coverage);

(iv) receipt of a written report from the Construction Inspector stating that it has conducted inspections of the Project and that all work has been fully completed in a good workmanlike

manner and substantially in accordance with the Plans and the requirements of all governmental agencies;

xi. contemporaneous with a final draw request in connection with a close out of the Construction Contract:

(i) confirmation that the Partnership has accepted the Project as complete with no outstanding punch list items;

(ii) the Request for Disbursement including a Certified General Contractor's Requisition covering 100% of the construction contract sum.

(iii) a complete set of "as-built" drawings, if requested by the Limited Partner;

(iv) permanent certificate of occupancy for the Project (if applicable and not yet received);

(v) as-built ALTA survey; and

(vi) satisfactory evidence of mechanics lien coverage or final date-down of the Title Policy (or if not available in the State, a current title report) showing no liens or other encumbrances not previously approved by the Limited Partner in writing, and

xii. such other documentation as the Limited Partner may reasonably require.

(2) The draw shall specifically list any materials included in such draw which are stored offsite and that portion of the draw shall only be payable upon receipt of Limited Partner Consent. As prerequisites to such Consent all off-site stored materials ("**Stored Materials**") shall be stored in a physically segregated location in an insured warehouse, and shall be clearly labeled with the name of the Project, name of the Partnership, dated, and documented with photographs evidencing the materials are adequately secured at the warehouse, shall be insured with Limited Partner identified as an additional insured and loss payee, and evidence of a backstop letter whereby General Contractor assumes full responsibility for the storage, safekeeping, including all risk of loss and damage thereto and waives all right, title and interest in and to such materials, title passing to Owner upon payment of the amount requested. The Partnership shall provide Limited Partner, the Project Inspector and any Governmental Agency or testing authority having jurisdiction over the Project with two weeks' notice and access to inspect, test, or otherwise examine the Stored Materials.

(3) Upon completion of construction of the foundation of each building in the Project and prior to commencement of vertical construction of building improvements on such foundation, the surveyor or Project engineer shall issue a

certification satisfactory to the Limited Partner stating that that the foundation has been placed in the location and at the correct elevations as were authorized in the site plan and that the foundation does not encroach into any easement areas, setback or other restricted building area, and if such certification (or similar substitute satisfactory to Limited Partner) is not available, a foundation survey prepared by a registered land surveyor licensed in the State shall be submitted to the Limited Partner for its review and approval, in connection with a simultaneous draw request in connection with the documentation referenced in this subsection , which survey shall depict that the building foundations(s) have been located consistent with the representations made by the General Partner as set forth in Section 5.6(ii).

(b) The funds anticipated to be available to fund Project costs during construction and thereafter during the Stabilization Period (as defined below) are as follows: (i) proceeds of construction Loans; (ii) any insurance proceeds arising out of casualties payable during the Stabilization Period, if any; (iii) net rental and other income during the Stabilization Period (and any excess funds in this subsection 5.9(b)(iii) not needed to balance the development budget during construction and thereafter during the Stabilization Period shall be referred to herein as “*Excess Interim Income*”) and (iv) the General Partner’s Capital Contribution, and the Limited Partner’s Capital Installments due on or before the Completion Date which are to be used for construction of the Project pursuant to the Projections (the “Development Proceeds”). If the Development Proceeds are insufficient to:

i. Complete the full construction of the Project and all buildings, Units and common areas comprising the Project, (together with any and all applicable site work, off-site work, infrastructure work, demolition, environmental abatement and landscaping) of the Project, pursuant to this Section 5.9, or cause the same to be completed in accordance with the Plans and Specifications, in a good and workmanlike manner, free and clear of all defects and mechanics’, materialmen’s, or similar liens, and equip the Project or cause the same to be equipped, all in accordance with the Loan Documents and the Project Documents;

ii. Achieve the Cost Certification and the Completion Date, in conformity with the Loan Documents;

iii. Discharge all Partnership liabilities and obligations arising during the Stabilization Period (as defined in subsection (v) below);

iv. Meet all requirements for obtaining and maintaining all necessary permanent certificates of occupancy and use permits;

v. Pay all Operating Deficits for a period commencing on the date of this Agreement and ending upon achievement of the Required Debt Service Coverage, substituting a three-consecutive month reporting period, in lieu of a twelve-month reporting period and with expenses, on an accrual basis, calculated based on the greater of actual expenses or projected expenses as set forth in the Projections,

which calculation may be evidenced by a verification of the numbers by the Accountants if an annual audit is not yet available for such reporting period (“*Stabilization Period*”), including, without limitation, the payment or accrual in the ordinary course of business of all Partnership Expenses and payment of any accrued Operating Deficits, and the funding of all Partnership Reserves to the extent required by the Loan Documents or hereunder;

vi. Pay and satisfy all conditions to closing and funding, or conversion to non-recourse status, of all permanent Loans and repayment in full, and release of all collateral security for, all construction and bridge financing of the Project, other than construction Loans which have been converted, by their terms, to non-recourse permanent Loans; and

vii. Pay or provide for all amounts necessary to correct latent defects occurring after the Completion Date, including all obligations, expenses, costs, liabilities, or expenditures in respect thereof, applicable to the period prior to the Completion Date;

(all of the above requirements being sometimes referred to collectively hereinafter as the “*Development Completion Requirements*”), then, the General Partner shall pay to the Partnership all funds (“*Development Advances*”), or elect to defer the payment of Development Fees (provided the General Partner can demonstrate that any additional deferred fee can be paid from Cash Flow in accordance with Section 5.11 and any such additional deferred fee does not exceed any cap imposed by the HCA), or, with the Consent of the Limited Partner, elect to defer other fees due to the General Partner or its Affiliates, in an amount that shall be necessary to accomplish the Development Completion Requirements at such time as those costs and expenses become due and payable as an interest-free loan to the Partnership, repayable pursuant to Section 8.1 and Exhibit A-5, and Sections 8.2(d) and 12.2(a)(4). The Development Completion Requirements shall be satisfied by the General Partner (and guaranteed by the Guarantor), as heretofore described, regardless of the terms and provisions of the Construction Documents, and in the event of a conflict between the terms and provisions of the Construction Documents and this Agreement, the terms and provisions of this Agreement shall govern.

Further, if the Completion Date occurs without full utilization of the then available debt and equity proceeds, including without limitation any amounts funded out of escrow proceeds and held to pay interest on the Loans (the parties hereto agree that such debt and equity proceeds shall be used to finance the development of the Project before any use of Cash Flow for such purpose), with the Consent of the Limited Partner, any such construction cost savings and/or unspent construction contingency funds shall be held in reserve and used, with the Consent of the Limited Partner, for Project amenities or other depreciable costs; provided, however, if the eligible basis of the Project (pursuant to Section 42 of the Code) equals an amount sufficient to generate the Projected Credit Amount as specified in Exhibit A-3 hereof, payable at the last to occur of (i) the end of the Stabilization Period, and (ii) loan closing and funding (or release of all applicable payment and performance guaranties such that such loans have been converted to

non-recourse status) of all permanent loans, such funds may be used to pay any deferred Development Fee, with any remaining funds placed in the Operating Reserve.

(c) The obligations of the General Partner under this Section 5.9 shall be guaranteed by the Guarantor, pursuant to the Guaranty, which is attached as Exhibit D to this Agreement.

(d) The General Partner acknowledges that the substantial completion deadline set forth in the Construction Contract is [_____]. However, the General Partner acknowledges and agrees that the Target Completion Date set forth in this Agreement is **[October 1, 2020]**, and that the Project construction schedule furnished to the Limited Partner reflects the same. The General Partner covenants and agrees to use all commercially reasonable efforts to, and to cause the General Contractor to, achieve completion of the Project by the Target Completion Date. In connection therewith, the General Partner agrees to, and to cause the General Contractor to, diligently monitor its monthly construction schedule against the Target Completion Date and provide regular updates to Limited Partner and its Construction Inspector in connection therewith.

5.10 Operating Deficit Guaranty

If, at any time, or from time to time, an Operating Deficit exists (which is not otherwise payable as a Development Advance, pursuant to Section 5.9), then the General Partner shall advance funds (an “*Operating Deficit Advance*”) to the Partnership as a loan in an amount equal to the amount of the Operating Deficit accruing or the General Partner, with the consent of the Limited Partner, not to be unreasonably withheld, may elect to defer the payment of fees due the General Partner or its Affiliates (in addition to the mandatory 60% deferral of affiliated Management Fees per Section 11.1 of this Agreement) in order to fund such Operating Deficit. Obligations under this section shall continue until the end of the Fiscal Year in which occurs the last to occur of (i) the fifteenth anniversary of the end of the Lease-up Period and overall Project occupancy of at least 93%; and (ii) the fifteenth anniversary of the achievement of three months of a debt service coverage ratio of 1.15; provided, however, the expiration of the Operating Deficit obligation shall be extended by one (1) Fiscal Year for each Fiscal Year during the above period that the debt service coverage ratio is less than 1.15 and thereafter until such time as the balance in the Operating Reserve equals or exceeds the sum of the “Operating Reserve Amount” which is shown on Exhibit A-3. The obligations of the General Partner under this Section 5.10 shall be limited to a maximum amount of **[\$4,000,000]**; provided, however, that such limitation shall not apply in the event of fraud, gross negligence or willful misconduct by the Special Limited Partner, General Partner, or the Management Agent, if the Management Agent is an Affiliate of the General Partner. Further, to the extent that the Project fails to receive real estate tax exemption in any year or years during the Compliance Period in which such exemption is projected to be received in the Projections, then the General Partner shall be obligated to fund Operating Deficits during such period in annual amounts equal to the difference between actual Project real estate taxes payable in such year or years and the real estate taxes for such year or years which were projected in the Projections, which obligation shall be unlimited and in addition to the Operating Deficit obligations set forth above. Operating Deficit Advances shall be repayable, without interest, solely as provided in Section 8.1 and Exhibit A-5 and Sections 8.2(d) and 12.2(a)(4) hereof. The obligations of the General Partner under this Section 5.10 shall be

guaranteed by the Guarantor, pursuant to the terms of the Guaranty, in the form attached as Exhibit D.

Notwithstanding anything in this Agreement to the contrary, to the extent advances have been made by the General Partner, such advances shall be considered Operating Deficit Advances only to the extent necessary to ensure positive Cash Flow, with any excess advance amount constituting a voluntary working capital advance by the General Partner. Throughout each Fiscal Year on a monthly basis, to the extent there is excess Cash Flow for such month after the payment of all then-current obligations of the Partnership, the General Partner may be reimbursed from such excess Cash Flow in an amount not to exceed the amount of such voluntary working capital advance, provided further that such reimbursement shall only be made if the General Partner is not in default of any of its obligations under this Agreement and there is no event which would, with the passage of time or the giving of notice constitute a default. Additionally, any voluntary working capital advance which remains outstanding as of the last day of the Fiscal Year, plus any additional advance necessary to reduce outstanding Partnership Expenses to a maximum of thirty (30) days of anticipated Cash Flow (as reasonably determined by the General Partner with the Consent of the Limited Partner) shall be deemed an Operating Deficit Advance and repaid in accordance with the provisions of Section 8.1 and Exhibit A-5.

5.11 Development Fee Guaranty

To the extent that all or any part of the Development Fee is not paid by the date of payment of the final Capital Installment, whether or not originally budgeted in the Projections as payable from Capital Installments of the Limited Partner or Cash Flow, then and in that event, if such Deferred Development Fee (as defined in the Development Services Agreement), together with applicable interest, shall be paid from Cash Flow, having that payment priority set forth in Section 8.1 and Exhibit A-5 to this Partnership Agreement, or from available Capital Proceeds pursuant to Sections 8.2(b) and 12.2(a)(4). All unpaid Development Fee, together with applicable interest, shall be paid by the General Partner to the Partnership as a Development Fee Advance, on the 14th anniversary of the Completion Date. All Development Fee Advances shall constitute interest-free loans from the General Partner to the Partnership, repayable (i) in accordance with HUD requirements pursuant to HUD form surplus cash notes, and (ii) solely pursuant to Section 8.1 and Exhibit A-5, and Sections 8.2(b) and 12.2(a)(4). The obligations of the General Partner under this Section 5.11 shall be guaranteed by the Guarantor pursuant to the terms of the Guaranty, in the form attached as Exhibit D.

Notwithstanding anything contained in this Agreement to the contrary, in the event the Limited Partner removes the General Partner in accordance with Section 9.2, then, immediately prior to such removal of the General Partner shall make a Development Fee Advance to the Partnership in the amount of any accrued and unpaid Development Fee and the Partnership shall use the proceeds of such Development Fee Advance to pay such accrued and unpaid Development Fee to the Developer immediately prior to the removal of the General Partner.

5.12 Contractor Fee Guaranty

To the extent that all or any part of the Contractor Fee, together with any interest thereon, if any, is not paid by the Completion Date, whether or not originally budgeted in the Projections

as payable from Cash Flow, then and in that event, if such Contractor Fee is included in the Project's qualified basis pursuant to Section 42 of the Code (as established by the Cost Certification) in order to achieve 100% of the Credit available to the Project, such deferred Contractor Fee shall be paid from Cash Flow, having that payment priority set forth in Section 8.1 and Exhibit A-5 to this Partnership Agreement, or from available Capital Proceeds pursuant to Sections 8.2(c) and 12.2(a)(4). To the extent not sooner paid from Cash Flow or Capital Proceeds, in accordance with the terms of this Agreement, all unpaid Contractor Fee shall be paid by the General Partner to the Partnership, as a Contractor Fee Advance, on the 14th Anniversary of said Completion Date. All Contractor Fee Advances shall constitute interest-free loans from the General Partner to the Partnership, repayable solely pursuant to Section 8.1 and Exhibit A-5 and Sections 8.2(c) and 12.2(a)(4). The obligations of the General Partner under this Section 5.12 shall be guaranteed by the Guarantor pursuant to the terms of the Guaranty, in the form attached as Exhibit D.

Notwithstanding anything contained in this Agreement to the contrary, in the event the Limited Partner removes the General Partner in accordance with Section 9.2, then, immediately prior to such removal of the General Partner, the General Partner shall make a Contractor Fee Advance to the Partnership in the amount of any accrued and unpaid Contractor Fee and the Partnership shall use the proceeds of such Contractor Fee Advance to pay such accrued and unpaid Contractor Fee to the General Contractor immediately prior to the removal of the General Partner.

5.13 Dealing with Affiliates; Fees

Subject to the terms of this Agreement, the General Partner may, for, in the name of, and on behalf of, the Partnership, enter into agreements or contracts for performance of services for the Partnership with an Affiliate thereof and may authorize the Management Agent to enter into such agreements and contracts, and the General Partner may obligate the Partnership to pay compensation for and on account of any such services and may authorize the Management Agent to so obligate the Partnership; provided, however, such compensation and services shall be at costs to the Partnership not in excess of those that would be incurred in making arms-length purchases of comparable services on the open market and such agreements shall be acceptable to the Limited Partner. The Limited Partner hereby acknowledges and agrees that the following agreements by and between the Partnership and various affiliates are acceptable: the Management and Accounting Services Agreement, the Addendum to Management and Accounting Services Agreement, the Agreement for Construction Services, the Construction Contract, the Development Services Agreement, and the Architectural and Engineering Services Agreement. In addition, the General Partner shall be permitted to use an Affiliate of the General Partner for cable, internet and phone services, provided the fees and charges for such services are not in excess of those that would be incurred in making arms-length purchases of comparable services on the open market, with notice to the Limited Partner, which notice shall include the above noted information regarding the fees and charges payable to such Affiliate.

5.14 Obligation to Purchase Interest of Limited Partner

(a) The General Partner shall be obligated, as provided in Section 5.14(b), to purchase the Limited Partner's Interest for the aggregate Repurchase Price set forth in

Section 5.14(b) below, if: (i) as of the Completion Date, as documented by the Cost Certification, less than 50% of the aggregate basis of the Project buildings and land has been or will be financed by the proceeds of bonds, the interest on which is exempt from federal income taxation under Section 103 of the Code and which are taken into account under the State volume cap pursuant to Section 146 of the Code; (ii) all buildings and Units in the Project have not achieved the Completion Date by December 31, 2019, (the Limited Partner shall extend this date by six months if the General Partner provides evidence reasonably acceptable to the Limited Partner that the Project will be completed by June 30, 2020) or 80% of the Credits are unavailable for any reason by the end of the calendar year following the year in which the Project was placed in service pursuant to Section 42 of the Code; (iii) failure to achieve Qualified Occupancy of at least 80% of the Credit Units by March 1, 2021 (the Limited Partner agrees to extend this date by up to six (6) months if the General Partner provides evidence reasonably acceptable to the Limited Partner that the project will achieve 100% occupancy of at least 80% of the Credit Units by September 1, 2021) and to complete the Stabilization Period by June 1, 2021 (or, if the immediately preceding Qualified Occupancy date is extended, this date shall be extended by the same timeframe; and provided further, failure to meet such date shall not be deemed a repurchase event hereunder if the General Partner provides the Limited Partner with documentation that the Project financing is not adversely affected by such failure to complete the Stabilization Period); (iv) failure to place the Project in service (for purposes of Section 42 of the Code) by the date required by Section 42 or the HCA; (v) expiration or termination of any commitments for permanent Loans, unless replaced with alternate financing acceptable to the Limited Partner within sixty (60) days thereafter; (vi) the occurrence of any Event of Default not cured within any applicable cure period, if any, pursuant to Section 9.2 hereof occurring during the period commencing on the date hereof and ending on the last to occur of (A) Completion Date; (B) the end of the Lease-up Period; and (C) the end of the Stabilization Period; (vii) prior to the Completion Date, any substantial damage to or destruction of the Project shall occur and any funds contributed by the General Partner or its Affiliates along with any insurance proceeds shall not be made available by the Lender for the restoration of the Project or shall not, in the reasonable opinion of the Limited Partner, be sufficient to repair and restore the Project in a manner that would qualify for the aggregate Credit projected to be allocable to the Limited Partner or the Project is not restored prior to the date required by the Code; (viii) prior to the Completion Date, construction of the Project shall have ceased for 45 days or more; or (ix) failure to record the Extended Use Agreement as an encumbrance against the Project prior to the end of the first year of the Credit Period, subject to any cure periods permitted by the Code.

(b) Upon the occurrence of any of the events specified in Section 5.14(a), the General Partner shall, within ten (10) days thereafter, give Notice to the Limited Partner of the occurrence of such event and of the General Partner's obligation to purchase the Limited Partner's Interest. The Limited Partner may by Notice to the General Partner at any time after becoming aware of the events specified in Section 5.14(a), (regardless of whether the General Partner has complied with the ten (10) day Notice requirement described in this Section 5.14(b)), elect to require the General Partner to purchase the Limited Partner's Interest for an amount equal to the sum of the following (collectively, the "Repurchase Price"): 110% of the Limited Partner's Capital Contributions paid to

such date, plus the Limited Partner's third party expenses associated with such repurchase, plus applicable interest and penalties, any Tax Equivalency Payment and all other loans and amounts advanced to such date by the Limited Partner or any Affiliate and not previously repaid, as reduced by the amount of any Federal Low-Income Credits allocated to the Limited Partner for the period prior to the date of repurchase which are not subject to recapture or covered by an ongoing General Partner indemnification or guaranty acceptable to the Limited Partner. If the Limited Partner elects to have its Interest purchased, the General Partner shall purchase such Interest within thirty (30) days after Notice from the Limited Partner of its election to have its Interest purchased and shall indemnify the Limited Partner, and hold it harmless from and against, any and all claims or other liability arising respecting the Limited Partner's Interest occurring or accruing from and after the date of the General Partner's purchase of the Limited Partner's Interest. The Limited Partner may unconditionally waive at any time its right to require the General Partner to purchase its Interest by reason of the application of any of the numbered clauses of Section 5.14(a). After such waiver the General Partner shall have no further obligation to purchase by reason of the application of the clause to which such waiver relates; provided, however, that the Limited Partner's election not to have its interest purchased by reason of the application of one such clause shall not constitute a waiver with respect to any future obligation of the General Partner to purchase its Interest by reason of the application of any other such clause.

5.15 Reserved.

The General Partner shall cause the Partnership to establish and maintain the Reserves described on Exhibit A-7.

5.16 Action for Breach

(a) The representations, warranties, covenants, agreements, and duties of the General Partner contained in this Agreement are being made in order to induce, and in consideration of, the Limited Partner's acquisition of its Interest. Upon the occurrence of any breach by the General Partner of any representation, warranty, covenant or agreement contained herein, the General Partner shall diligently attempt to cure such breach. If such breach is not susceptible to cure, or if the General Partner fails to pursue a cure diligently and within the sure period therefor, if any, set forth in Section 9.2 hereof, then the Limited Partner may pursue any remedy available hereunder or other legal or equitable remedy against the General Partner without being required to dissolve the Partnership and notwithstanding the availability of any other remedy, and shall be entitled to payment of its reasonable attorneys' fees, expenses and other costs, regardless of whether litigation is commenced.

(b) In addition, and not in substitution for any other remedies hereunder, upon any failure by the General Partner and/or any Guarantor to fully and timely satisfy their respective obligations under this Agreement or the Guaranty (past any applicable notice and cure periods), in addition to all of Limited Partner's remedies hereunder, in the Guaranty, at law or in equity, there will be priority Cash Flow distributions as directed by the Limited Partner (the "***Default Cash Flow Priority***"), having that priority set forth in

Section 8.1 and Exhibit A-5, together with interest thereon, if any, to be applied to the payment of the applicable default, until such default has been fully cured; provided, however, any such Default Cash Flow Priority shall not exceed the amount necessary to reimburse the Limited Partner for any and all damages resulting from the General Partner's failure to cure the breach, plus interest thereon, if any.

5.17 Accountants

The Limited Partner shall have the right, upon delivery of written notice to the General Partner, to require the General Partner to replace the Accountants with alternate independent certified public accountants acceptable to the Limited Partner, from time to time; provided, however, the Limited Partner shall only have the right herein provided in the event of the Accountant's failure to adequately perform the services requested by the General Partner including without limitation timeliness and accuracy of such services, which failure continues for a period of thirty (30) days or more after the receipt of notice from the General Partner of such failure.

5.18 Pledged Interest and Payments

To secure the payment and performance by the General Partner to the Limited Partner of the General Partner's obligations under this Agreement, as a condition precedent to payment of the First Installment of the Limited Partner's Capital Contributions, the General Partner shall collaterally assign, pledge and grant a security interest to the Limited Partner in the General Partner's Interest in the Partnership and all amounts payable hereunder, by execution and delivery to the Limited Partner of a Pledge and Security Agreement in the form of Exhibit M attached hereto (the "Pledged Payment"). The Partnership and the Partners shall treat any Pledged Payments made to the Limited Partner as a payment by the Partnership to the General Partner of the particular Pledged Payment and thereafter a payment by the General Partner to the Limited Partner. The Pledge and Security Agreement attached hereto as Exhibit M shall constitute a security agreement under applicable law. Notwithstanding the foregoing, the Limited Partner hereby acknowledges and agrees that the pledge and grant of a security interest by the General Partner herein detailed is subordinate and secondary to the Bridge Loan.

5.19 Additional Covenant of Partners

Notwithstanding anything herein to the contrary, so long as any amounts are due and owing with respect to Additional Interest, each of the Partners hereby agree not to amend or modify Section 8.1 and/or 8.2 of this Agreement, without the prior written consent of the Bond Purchaser.

ARTICLE VI

RIGHTS AND OBLIGATIONS OF THE LIMITED PARTNER

6.1 Limitation on Liability of the Limited Partner

Notwithstanding any other provision of this Agreement, the liability of the Limited Partner shall be limited to its Capital Contributions at any given time as and when payable under

the provisions of this Agreement. The Limited Partner shall not have any other liability to contribute money to, or in respect of the liabilities, obligations, debts or contracts of the Partnership, nor shall the Limited Partner be personally liable for any liabilities, obligations, debts or contracts of the Partnership. The Limited Partner shall not be obligated to make loans to the Partnership. No vote, Consent or other action of the Limited Partner shall ever be construed to make the Limited Partner liable as a general partner or cause the Limited Partner to be liable for Partnership obligations.

6.2 Indemnification of the Limited Partner

The General Partner and the Partnership, jointly and severally, shall indemnify and hold the Limited Partner harmless from any claims, demands, losses, damages, liabilities, lawsuits and other proceedings, judgment, awards, costs and expenses, including, without limitation, reasonable attorneys' fees, incurred by the Limited Partner (A) as a result of actions against the Limited Partner in its capacity as limited partner of the Partnership, except to the extent a court of competent jurisdiction determines the same were incurred by the Limited Partner while not acting in accordance with the terms of this Agreement applicable to the Limited Partner; and (B) relating to the Project Documents, including, without limitation, the documents pertaining to the Property Tax Exemption, with respect to any violation of the terms and provisions thereof by any party thereto; provided that, the General Partner's obligations to indemnify and hold harmless shall only be with respect to each Partner's own violations of the referenced documents. In addition, the General Partner and the Partnership, jointly and severally, shall defend, indemnify, and save harmless the Limited Partner from, and be liable to the Limited Partner for: any loss, liability, claim, damage, cost, expense, or other obligation (including reasonable attorneys' fees and expenses) arising out of the General Partner's gross negligence, fraud, willful misconduct, malfeasance, breach of fiduciary duties, material breach of, or material non-compliance with, any covenant, or agreement set forth in this Agreement, or, as updated in accordance with this Agreement, any representation or warranty set forth in this Agreement, and/or actions performed outside the scope of the authority of the General Partner pursuant to this Agreement; provided that, the General Partner's obligations to indemnify and hold harmless shall only be with respect to each Partner's own actions or inactions described above. The foregoing indemnifications shall be a recourse obligation of the General Partner and the Partnership, and shall survive the dissolution of the Partnership and/or the death, retirement, incompetency, insolvency, bankruptcy, dissolution, or withdrawal of the General Partner. The indemnifications authorized by this Section shall include, but not be limited to, direct and indirect costs and expenses incurred by the Limited Partner (including reasonable attorneys' and accountants' fees and expenses), including, without limitation, costs respecting the removal of any liens affecting any property of the indemnitee as a result of such legal action and any Credit Deficiency. The indemnifications provided herein are in addition to and not a limit on any other right of contribution or indemnity by the Partnership which otherwise might exist in favor of the Limited Partner.

6.3 Outside Activities

Nothing herein contained in this Agreement shall be construed to constitute the Limited Partner hereof the agent of any other Partner hereof or to limit in any manner the Limited Partner in the carrying on of its own businesses or activities. The Limited Partner may engage in and

possess any interest in other business ventures (including, without limitation, limited partnerships and limited liability companies) of every kind, nature and description, independently or with others, whether existing as of the date hereof or hereafter coming into existence, including, without limitation, acting as general partner or limited partner of other partnerships or a member of a limited liability company which own, directly or through interests in other partnerships or limited liability companies, housing projects similar to, or in competition with, the Project. Neither the Partnership nor any of the Partners shall have any rights by virtue of this Agreement in or to any such other business ventures or to the income or profits derived therefrom and nothing shall be construed to render them partners in any such business ventures.

6.4 Inspection of the Project and Compliance Audits

Upon reasonable advance notice to the General Partner, the Limited Partner and/or its agent or designee (including, without limitation, the Construction Inspector) shall have the right to inspect the Project at any time, and from time to time, and to conduct compliance audits, and the General Partner shall provide all reasonable assistance to the Limited Partner in such effort.

6.5 Limited Partner's Legal Fees

The Partnership and the General Partner shall be responsible for paying Limited Partner's legal fees and expenses respecting any and all amendments to this Agreement, other than amendments requested by the Limited Partner.

ARTICLE VII

ALLOCATIONS OF PROFITS AND LOSSES

7.1 Tax Definitions

The following terms used in Articles VII and VIII of this Agreement shall have the meanings set forth below:

Adjusted Capital Account: With respect to any Partner, such Partner's Capital Account as of the end of the relevant Fiscal Year, after crediting to such Capital Account any amounts which such Partner is obligated to restore pursuant to any provision of this Agreement or is deemed to be obligated to restore pursuant to the Code and applicable Treasury Regulations. The foregoing definition of Adjusted Capital Account is intended to comply with the provisions of Treasury Regulation Section 1.704-1(b)(2)(ii)(d) and shall be interpreted consistently therewith.

Adjusted Capital Account Deficit: With respect to any Partner, the deficit balance, if any, in such Partner's Capital Account as of the end of the relevant Fiscal Year, after giving effect to the following adjustments: (a) crediting to such Capital Account any amount that such Partner is obligated to restore or is deemed to be obligated to restore pursuant to Treasury Regulations Sections 1.704-1(b)(2)(ii)(c), 1.704-2(g)(1) and 1.704-2(i); and (b) debiting to such Capital Account the items described in Treasury Regulations Section 1.704-1(b)(2)(ii)(d)(4), (5) and (6).

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

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

Net Losses and Net Profits: The net loss, or net profit, as the case may be, of the Partnership for federal income tax purposes for each Fiscal Year, calculated without regard to Gain or Loss and without regard to those items that are specially allocated in accordance with Regulatory Allocations or otherwise pursuant to Section 7.4; provided, however, that in determining net loss or net profit, as the case may be: (i) any tax-exempt income received by the Partnership shall be included as an item of gross income, (ii) any expenditure of the Partnership described (or treated under Treasury Regulation Section 1.704-1(b)(2)(iv)(b) as described) in Section 705(a)(2)(B) of the Code shall be treated as a deductible expense, (iii) if the fair market value on the date that the asset is contributed to the Partnership (or if the basis of such asset for book purposes is adjusted under the Treasury Regulations, such adjusted book basis) differs from its adjusted basis for federal income tax purposes at the beginning of such year or other period, in lieu of the depreciation, amortization and other cost recovery deductions taken into account in computing such taxable income or loss, the amount for depreciation, amortization and other cost recovery deductions shall be equal to an amount which bears the same ratio to such beginning fair market value (or adjusted book basis) as the federal income tax depreciation, amortization or other cost recovery deduction for such year or other period bears to such beginning adjusted tax basis, and (iv) if the value at which an asset is carried on the books of the Partnership differs from its adjusted tax basis and gain or loss is recognized from a disposition of such asset, the gain or loss shall be computed by reference to the asset's book basis rather than its adjusted tax basis.

Nonrecourse Liability: Any liability to the extent that no Partner or related person bears (or is deemed to bear) the economic risk of loss within the meaning of Treasury Regulation Section 1.752-2.

Partner Nonrecourse Debt: Any Partnership liability to the extent the liability is nonrecourse for purposes of Treasury Regulation Section 1.1001-2 and a Partner (or related

person (within the meaning of Treasury Regulation Section 1.752-4(b) bears the economic risk of loss under Treasury Regulation Section 1.752-2.

Regulatory Allocations: Those special allocations set forth in Sections 7.4(a), (b), (c) and (e), which are intended to comply with certain requirements of Treasury Regulation Sections 1.704-1(b) and 1.704-2.

7.2 Profits and Losses

After giving effect to the special allocations set forth in Section 7.4, and except as provided in Section 7.3 with respect to Gains or Losses from dispositions of Partnership property, the Net Profits, Net Losses and Credits of the Partnership for each Fiscal Year shall be allocated one five-thousandths of one percent (0.005%) to the General Partner, five-thousandths of one percent (0.005%) to the Special Limited Partner and ninety-nine and ninety-nine/one-hundredths percent (99.99%) to the Limited Partner.

7.3 Gains and Losses from Disposition of Partnership Property

After giving effect to the special allocations set forth in Section 7.4, Gains and Losses recognized by the Partnership upon the sale, exchange or other disposition of all or substantially all of the property owned by the Partnership shall be allocated in the following manner:

(a) Gains shall be allocated (i) first, to the Partners with negative Adjusted Capital Account balances, that portion of Gains (including any Gains treated as ordinary income for federal income tax purposes) which is equal in amount to, and in proportion to, such Partners' respective negative Adjusted Capital Accounts in the Partnership; provided, that no Gain shall be allocated under this Section 7.3(a)(i) to a Partner once such Partner's Adjusted Capital Account is brought to zero; and (ii) second, Gain in excess of the amount allocated under (i) shall be allocated to the Partners in the amount and to the extent necessary to increase the Partners' respective Adjusted Capital Accounts so that the proceeds distributed in accordance with the Partners' respective Adjusted Capital Account balances would equal the amounts distributable under Section 8.2 (other than any fees payable or loans repaid).

(b) Losses shall be allocated (i) first, to the Partners in the amounts and to the extent necessary so that the proceeds distributed in accordance with the Partners' respective Adjusted Capital Account balances would equal the amounts distributable under Section 8.2 (other than any fees payable or loans repaid), and (ii) second, any remaining Loss to the Partners in accordance with the manner in which they bear the economic risk of loss associated with such Loss or, if none, to the Partners in accordance with their Capital Percentages.

(c) Any portion of the Gains treated as ordinary income for federal income tax purposes under Sections 1245 and 1250 of the Code (the "*Depreciation Recapture Amount*") shall be allocated on a dollar for dollar basis to those Partners to whom the items of Partnership deduction or Loss giving rise to the Depreciation Recapture Amount had been previously allocated.

7.4 Special Allocations and Limitations

The following provisions shall apply notwithstanding the provisions of Section 7.3. In the event that there is a conflict between any of the following provisions, the earlier listed provision shall govern.

(a) If there is a net decrease in Minimum Gain attributable to Nonrecourse Liabilities or Partner Nonrecourse Debt during any Fiscal Year, each Partner who has a share of the Minimum Gain attributable to such Nonrecourse Liabilities or such Partner Nonrecourse Debt, as applicable, (as such share is determined pursuant to Treasury Regulation Section 1.704-2(g)) shall be specially allocated items of Partnership income and Gain for such year (and, if necessary, for succeeding years) equal to each Partner's share of the net decrease in such Minimum Gain (as such share is determined pursuant to Treasury Regulation Section 1.704-2(g)(2)). Notwithstanding the preceding sentence, a Partner shall not be specially allocated items of Partnership income and Gain to the extent:

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

ii. Such Partner contributes capital to the Partnership that is used to repay the Nonrecourse Liability and such Partner's share of the net decrease in Minimum Gain results from the repayment; or

iii. If the Department of the Treasury waives or excepts such an allocation pursuant to Treasury Regulation Sections 1.704-2(f)(4) or (5).

It is the intent that items to be so allocated shall be determined and the allocations made in accordance with the minimum gain chargeback requirement of Treasury Regulation Section 1.704-2(f), and this Section 7.4(a) shall be interpreted consistently therewith.

(b) If there is a net decrease in Minimum Gain attributable to Partner Nonrecourse Debt during any Fiscal Year, each Partner who has a share of the Minimum Gain attributable to such Partner Nonrecourse Debt (as such share is determined pursuant to Treasury Regulation Section 1.704-2(g)) shall be specially allocated items of Partnership income and Gain for such year (and, if necessary, for succeeding years) equal to such Partner's share of the net decrease in such Minimum Gain (as such share is determined pursuant to Treasury Regulation Section 1.704-2(g)(2)). Notwithstanding the preceding sentence, a Partner shall not be specially allocated items of Partnership income and Gain to the extent:

iv. The net decrease in such Minimum Gain arises because the liability ceases to be Partner Nonrecourse Debt due to a conversion, refinancing, or other

change in the debt instrument that causes it to become partially or wholly a Nonrecourse Liability; or

v. Treasury Regulation Section 1.704-2(i) otherwise so provides.

It is the intent that items to be so allocated shall be determined and the allocations made in accordance with the Minimum Gain chargeback requirement of Treasury Regulation Section 1.704-2(i) and this Section 7.4(b) shall be interpreted consistently therewith.

(c) In the event a Partner unexpectedly receives in any Fiscal Year any adjustments, allocations or distributions described in Treasury Regulation Section 1.704-1(b)(2)(ii)(d)(4), (5), or (6) that cause or increase an Adjusted Capital Account Deficit of such Partner, items of Partnership income and Gain shall be specially allocated to such Partner in such Fiscal Year (and, if necessary, in succeeding Fiscal Years) in an amount and manner sufficient to eliminate, to the extent required by the Treasury Regulations, the Adjusted Capital Account Deficit of such Partner as quickly as possible. It is the intent that items to be so allocated shall be determined and the allocations made in accordance with the qualified income offset provision of Treasury Regulation Section 1.704-1(b)(2)(ii)(d) and this Section 7.4(c) shall be interpreted consistently therewith.

(d) No Net Losses, Losses or Partnership deductions for any Fiscal Year shall be allocated to a Partner to the extent such allocation would cause or increase an Adjusted Capital Account Deficit with respect to such Partner, and such Net Losses, Losses or Partnership deductions shall instead be allocated, and such Net Losses, Losses or Partnership deductions shall instead be allocated to a Partner for whom such allocation will not cause an Adjusted Capital Account Deficit. In the event some but not all of the Partners would have Adjusted Capital Account Deficits due to an allocation of Losses, the limitation set forth in this Section 7.4(d) shall be applied on a Partner by Partner basis so as to allocate the maximum permissible losses to each Partner who is not a General Partner under Regulation Section 1.704(b)(2)(ii)(d). All Losses in excess of this limitation shall be allocated to the General Partner.

(e) If in any Fiscal Year there is a net increase during such year in the amount of Minimum Gain attributable to a Partner Nonrecourse Debt, any Partner bearing the economic risk of loss with respect to such debt (within the meaning of Treasury Regulation Section 1.752-2) shall be specially allocated items of Partnership Loss or deduction in an amount equal to the excess of (i) such Partner's share of the amount of such net increase, over (ii) the aggregate amount of any distributions during such year to such Partner of the proceeds of such debt that are allocable to such increase in Minimum Gain. It is the intent that items to be so allocated shall be determined and the allocations made in accordance with the required allocation of "partner nonrecourse deductions" pursuant to Treasury Regulation Section 1.704-2(i), and this Section 7.4(e) shall be interpreted consistently therewith.

(f) The special allocations set forth in Section 7.4(a), (b), (c) and (e) (the “**Regulatory Allocations**”) are intended to comply with certain requirements of Treasury Regulation Sections 1.704-1(b) and 1.704-2. The Regulatory Allocations shall be taken into account in allocating other profits, Losses and other items of income, Gain, Loss and deduction to the Partners so that, to the extent possible, the net amount of such allocations of profits and Losses and other items shall be equal to the amount that would have been allocated to each Partner had the Regulatory Allocation not occurred. In the event that in any year the Regulatory Allocations alter the allocations of tax items to the Partners, to the extent possible, depreciation deductions shall nevertheless be allocated to the Limited Partner and the General Partner in accordance with their Percentage Interest. Notwithstanding the other provisions detailed in Article VII, allocations of income (including gross income), Gain, Loss and deductions made in the year that substantially all of the Partnership’s assets are sold and in the year that the Partnership terminates and winds up shall be made subject to Section 12.2(d) below.

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

(h) In accordance with Section 704(c) of the Code and the Treasury Regulations thereunder, income, Gain, Loss, and deduction with respect to any property contributed to the capital of the Partnership shall, solely for tax purposes, be allocated among the Partners so as to take account of any variation between the adjusted basis of such property to the Partnership for federal income tax purposes and its initial fair market value (as used as book value of the property by the Partnership). In the event the book value of any Partnership property is adjusted upon: (i) acquisition of a Partnership interest by any Person in exchange for a capital contribution; or (ii) any non-pro rata distribution to Partners of Partnership property other than cash, subsequent allocations of income, gain, loss, and deduction with respect to such asset shall take account of any variation between the adjusted basis of such asset for federal income tax purposes and its book value in the same manner as under Section 704(c) of the Code. Allocations pursuant to this Section 7.4 are solely for purposes of federal, state, and local taxes and shall not affect, or in any way be taken into account in computing, any Partner’s Capital Account or share of Net Profits or Net Losses, other items, or distributions pursuant to any provision of this Agreement.

(i) For purposes of determining a Partner's proportionate share of the "excess nonrecourse liabilities" of the Partnership within the meaning of Treasury Regulation Section 1.752-3(a)(3), the interest of each of the General Partner, the Special Limited Partner and the Limited Partner in Partnership profits and deductions shall equal its respective Percentage Interest.

(j) If any Partner's Capital Contribution is used to fund any syndication fees or expenses referred to in Section 709 of the Code, such Partner shall be specially allocated such fees or expenses. Subject to Section 7.4 (r), If a deduction for any fee paid in accordance with this Agreement is denied by the IRS after a Final Determination on the basis that such fee was a distribution to a Partner by the Partnership, the Partner who received such fee shall be specially allocated an amount of gross income equal to the amount of the disallowed deduction.

(k) Subject to Section 7.4 (r), if the General Partner funds any Operating Deficit Advance, Development Advance, Development Fee Advance and/or Credit Adjuster Advance as other than a loan or capital contribution, in any year in which the Partnership repays all or a portion of any such Advance, the General Partner shall be specially allocated an item of gross income equal to the amount of such repayment, but not in excess of amounts previously allocated to the General Partner pursuant to Section 7.4(l) hereof

(l) Subject to Section 7.4 (r), if, for any year, the Limited Partner's positive Capital Account balance at the close of such year plus applicable minimum gain allocable to the Limited Partner does not significantly exceed the aggregate deductions for depreciation projected to be allocable to the Limited Partner for all remaining years of the Compliance Period plus applicable minimum gain, then, for the remainder of such period, if so required by the Limited Partner, all items of income and deduction, other than depreciation, shall be specially allocated to the General Partner to the extent reasonably necessary for the Limited Partner to maintain a positive capital account in view of the aggregate deductions for depreciation projected to be allocable to the Limited Partner for all remaining years of the Compliance Period.

(m) Any increase or decrease in the amount of any item of income, Gain, Loss, deduction or credit attributable to an adjustment to the basis of Partnership assets made pursuant to Sections 734 or 743 of the Code, as a result of a valid election under Section 754 of the Code, and pursuant to corresponding provisions of applicable state and local income tax laws, shall be charged or credited, as the case may be, and any increase or decrease in the amount of any item of credit or tax preference attributable to any such adjustment shall be allocated to those Partners entitled thereto under such laws.

(n) Income, Gains, Losses, deductions and Credit (except as set forth below) allocated to a Partnership Interest assigned or reissued during a Fiscal Year of the Partnership shall be allocated to the Person who was the holder of

such Interest during such Fiscal Year, in proportion to the number of days that each such holder was recognized as the owner of such Interest during such Fiscal Year or in any other manner permitted by the Code and selected by the General Partner in accordance with this Agreement, with the Consent of the Limited Partner, without regard to the results of Partnership operations during the period in which each such holder was recognized as the owner of such Interest during such Fiscal Year, and without regard to the date, amount or recipient of any distributions which may have been made with respect to such Interest. With respect to any Federal Low-Income Credit claimed by the Partnership for the Fiscal Year of such assignment, the assignor and assignee may agree to allocate the distributive share of such Federal Low-Income Credit between the assignor and assignee either (a) in accordance with the ratio that the number of days in the Fiscal Year before and after such assignment bears to the total number of days in the Fiscal Year, or (b) in accordance with the ratio that the number of months in the Fiscal Year before and after such assignment bears to the total number of months in the Fiscal Year, provided that the month in which the assignment takes place shall be considered to be after the assignment if the assignment takes place in the first half of the month and before the assignment if the assignment takes place in the second half of the month. In the event the assignor and assignee do not agree on the method for allocating the distributive shares of the Federal Low-Income Credit, such Credit shall be allocated in accordance with the ratio that the number of days in the Fiscal Year before and after such assignment bears to the total number of days in the Fiscal Year. Also, for purposes of this Section, any change in the Percentage Interest of any Partner will also be treated as an assignment from that Partner whose Percentage Interest declined to that Partner whose Percentage Interest increased and to those Persons who became Partners and acquired a Percentage Interest.

(o) Subject to Section 7.4 (r), in the event that there is a determination that there is any original issue discount or imputed interest attributable to the Capital Contribution of any Partner or to any loan between a Partner or Affiliate and the Partnership, any income or deduction of the Partnership attributable to such imputed interest or original issue discount respecting such Capital Contribution or loan (whether stated or unstated) shall be allocated solely to such Partner. The General Partner agrees to indemnify the Partnership and the Limited Partner for any tax liability and all costs, expenses and funds (including Tax Equivalency Payments) in connection therewith in the event that the Partnership and/or the Limited Partner is required to recognize income as a direct or indirect result of any income recognized by the Partnership or the Limited Partner as a result of any receipt of grants, donations, subsidies, taxable Capital Contributions, if any, or discharge or forgiveness of indebtedness by the Partnership. To the extent that any Partnership Management Fees payable to the General Partner are fully or partially disallowed by the IRS, the amount so disallowed shall be deemed to be a distribution of cash to the General Partner, as applicable, and will cause an adjustment to its Capital Account Balances, pursuant to, and in accordance with, Section 7.5. To the extent that any of the above adjustments creates a deficit Capital Account Balance for the General Partner, the General

Partner, as applicable, shall be obligated to restore such deficit to the Partnership in accordance with Section 12.2(c).

(p) Subject to Section 7.4 (r), in the event that the deduction of all or a portion of any fee paid or incurred by the Partnership to a Partner or an Affiliate of a Partner is disallowed for federal income tax purposes by the IRS with respect to a Fiscal Year of the Partnership, the Partnership shall then allocate to such Partner an amount of gross income of the Partnership for such year equal to the amount of such fee as to which the deduction is disallowed.

(q) If at any time during the Credit Period where, in the reasonable opinion of counsel to the Limited Partner, the General Partner has any economic risk of loss (within the meaning of Treasury Regulations Section 1.752-2 or any successor provision) respecting any Partnership obligations and as a result, non-recourse deductions, including depreciation (and corresponding Credits otherwise allocable to the Limited Partner hereunder), would become allocable to the General Partner any such obligations (but not including any then unpaid Development Fee payable to an Affiliate which was included in the Project's qualified basis for Credits) shall thereupon be forgiven, to the extent necessary to avoid any such reallocation of non-recourse deductions or depreciation (and corresponding Credits).

(r) Notwithstanding anything to the contrary contained in this Article 7 or elsewhere in this Agreement, the Housing Authority GP Member's share of allocated items shall be no greater than 22.5%, and no such allocation will be made to the General Partner hereunder to the extent it would result in more than 22.5% of the Project being treated as tax-exempt use property under Section 168(h) of the Code, and further, in no event shall the General Partner permit any allocation to the Housing Authority GP Member which would result in more than 22.5% of the Project being treated as tax-exempt use property under Section 168(h) of the Code. In addition, the Special Limited Partner's share of allocated items shall be no greater than .005%, and no such allocation will be made to the Partnership hereunder to the extent it would result in more than .005% of the Project being treated as tax-exempt use property under Section 168(h) of the Code, and further, in no event shall the Partnership permit any allocation to the Special Limited Partner which would result in more than .005% of the Project being treated as tax-exempt use property under Section 168(h) of the Code.

7.5 Maintenance of Capital Accounts

The Partnership shall maintain a Capital Account for each Partner. Such Capital Account shall be maintained in accordance with Treasury Regulation Section 1.704-1(b)(2)(iv). To each Partner's Capital Account there shall be credited such Partner's Capital Contributions, and its distributive share of Net Profits and Gains and any item in the nature of income or gain allocated to such Partner under Sections 7.2 and 7.3. To each Partner's Capital Account there shall be debited the amount of cash and the fair market value (as of the date of distribution) of any Partnership property (net of liabilities securing the distributed property that such Partner assumes

or subject to which such Partner takes the distributed property) distributed to such Partner pursuant to any provision of this Agreement and such Partner's distributive share of Net Losses and Loss and any items in the nature of expenses or deductions that are allocated to such Partner pursuant to Sections 7.2 and 7.3.

ARTICLE VIII

CASH DISTRIBUTIONS

8.1 Distributions of Cash Flow

Cash Flow, to the extent available shall be distributed for any year or portion thereof in the order of priority set forth in Exhibit A-5.

8.2 Distributions of Capital Proceeds

Any Capital Proceeds other than Capital Proceeds upon dissolution and liquidation of the Partnership, which shall be governed by Article XII, shall be distributed to and among the Partners in the following amounts and order of priority:

(a) (i) To the Limited Partner, proceeds equal to the sum of (x) accrued and unpaid Credit Deficiencies (including, without limitation, amounts owed due to a Change in Law), and (y) any and all loans of, and other amounts payable to, the Limited Partner;

(ii) To pay any outstanding and unpaid Asset Management Fees;

(b) To the Developer the amount of any unpaid Development Fee (and all accrued and unpaid interest thereon);

(c) To the General Partner the amount of any unpaid Development Advance, Operating Deficit Advance, Credit Adjuster Advance, Contractor Fee Advance, Development Fee Advance and to the Special Limited Partner and the General Partner, any other loans of the Special Limited Partner (other than the Disposition Loan and the HOME Loan) or the General Partner;

(d) Of the remaining Capital Proceeds, a distribution equal to 36.90% and 4.10% to the General Partner and Investor Limited Partner, respectively. (f)

(g) To pay, pari passu, Additional Interest on the Bond Loan and all applicable interest and principal on the Soft Loans and Housing Authority Loan until paid in full; and

(f) For the balance, 90% to the General Partner and 10% to the Limited Partner.

8.3 Allocation of Distributions

Distributions of Cash Flow and Capital Proceeds shall be made to the Partner of record at the date for the distribution without regard to the length of time the record holder has been such and without regard to the period to which the distribution relates.

ARTICLE IX

ADMISSION OF SUCCESSOR AND ADDITIONAL GENERAL PARTNERS AND SPECIAL LIMITED PARTNER; REMOVAL AND WITHDRAWAL OF GENERAL PARTNER AND/OR SPECIAL LIMITED PARTNER

9.1 Admission of Successor or Additional General Partners or Special Limited Partner

(a) Neither the General Partner nor the Special Limited Partner shall have any right to retire or withdraw voluntarily from the Partnership except as expressly set forth in Section 5.2(x) of this Agreement, to sell, transfer, pledge, encumber or assign all or any portion of its Interest, except as expressly set forth in Section 5.7(x), without the Consent of the Limited Partner, which consent may be withheld at the sole discretion of the Limited Partner. Notwithstanding the foregoing, the Special Limited Partner shall have the right to retire or withdraw voluntarily in the event that the Property Tax Exemption has been terminated with notice to the Limited Partner and General Partner; provided, however, that the General Partner use commercially reasonable efforts to locate a Special Limited Partner acceptable to the Limited Partner which is eligible for the Property Tax Exemption, if the Property Tax Exemption is still available by state stat

(b) In the event that the Consent of the Limited Partner has been obtained by the General Partner or Special Limited Partner, as applicable, the General Partner or Special Limited Partner shall designate one or more Persons to be its successor. In no event shall the Interests of the other Partners be affected thereby. The designated successor General Partner or Special Limited Partner shall be admitted as such to the Partnership upon approval by the Limited Partner of such successor General Partner or Special Limited Partner and all documentation respecting such transfer and applicable amendments to this Agreement, which approval may be withheld in its sole discretion, and upon satisfying the conditions of this Article IX and Section 15.1. Any voluntary withdrawal by the General Partner or Special Limited Partner from the Partnership or any sale, transfer, or assignment by the General Partner or Special Limited Partner of its Interest shall be effective only upon the admission in accordance with this Section 9.1(a) and Section 15.1 of a successor General Partner or Special Limited Partner. Upon request of the Limited Partner from which consent has been requested, the transferee shall submit financial statements of the transferee to such Limited Partner, evidencing sufficient financial ability to undertake the obligations which would be imposed on the transferee, and any

document of assignment must be in a form reasonably acceptable to the Limited Partner whose consent has been requested, and the transferor shall deliver an opinion of counsel (or such other evidence as a Limited Partner may reasonably require) that such transfer (1) will not result in the Partnership being treated as an association taxable as a corporation for federal income tax purposes or otherwise result in a tax termination of the Partnership, and (2) may be effected without registration or qualification under any applicable federal or state securities laws, or confirming that any such registration or qualification, and any other required actions, have been taken in connection therewith.

(c) The successor General Partner or Special Limited Partner shall pay to the Partnership all costs and expenses incurred in connection with such substitution, including, without limitation, legal and other costs incurred in the review and processing of the assignment, in amending this Agreement, and in filing the amended Certificate (if applicable).

(d) The successor General Partner or Special Limited Partner shall by its execution of this Agreement and as a condition precedent to receiving any Interest in the Partnership or the Project agree to be bound by this Agreement to the same extent and on the same terms as the predecessor General Partner or Special Limited Partner.

(e) Upon the admission of the successor General Partner or Special Limited Partner, an amendment to this Agreement reflecting such admission, and stating the agreement set forth in Section 9.1(c) and in all respects in compliance with the requirements of the Act shall be executed and an amendment to the Certificate shall be executed and filed in accordance with the Act, to the extent required.

9.2 Removal of a General Partner or Special Limited Partner

(a) The Limited Partner shall have the right to remove a General Partner or Special Limited Partner of the Partnership (but in each case, only as a result of the actions or inactions of, or matters specific to, that Partner or its Affiliates and not the actions or inactions of, or matters specific to, the other Partner or its Affiliates) for any of the following reasons (an “*Event of Default*”):

i. The General Partner or Special Limited Partner has committed an act or acts of gross negligence, willful misconduct, substantial mismanagement of the Project or Partnership, malfeasance, fraud, or an act or acts outside the scope of its authority, has breached any representation, warranty, agreement or covenant contained in this Agreement which breach has or is likely to have a material adverse effect on the Partnership or the Limited Partner, or has breached its fiduciary duties as the General Partner or Special Limited Partner (including, without limitation, using Partnership reserves other than as permitted under this Agreement);

ii. A default not cured within the time period of the applicable cure period under any Project Document, unless the Lender or other party to the applicable Project Document acknowledges in writing satisfactory progress, agrees not to take any action without further notice, and refrains from action until cure occurs.

iii. The General Partner, the Special Limited Partner or the Partnership has taken any action or failed to take any action that would (A) cause the termination of the Partnership for federal income tax purposes, (B) cause the Partnership to be treated for federal income tax purposes as an association taxable as a corporation, (C) violate any federal or state securities laws, (D) cause the Partnership to fail to qualify as a limited partnership under the Act, (E) cause a material reduction in the tax benefits or a material increase in the tax liability of the Limited Partner for which the Limited Partner is not fully compensated (as reasonably determined by the Limited Partner), or (F) cause the Limited Partner to have liability in excess of its Capital Contributions;

iv. During the Compliance Period, (a) there are unfunded Operating Deficits, after ten (10) days written notice to the General Partner from the Limited Partner; or (b) the General Partner, the Special Limited Partner or the Management Agent has operated the Project in a manner so as not to qualify as a “qualified low-income housing project” under Section 42(g)(1) of the Code and under the documents pursuant to which the Credits have been allocated;

v. A default by the General Partner, the Special Limited Partner the Guarantor, the General Contractor or the Developer of any of their respective obligations under this Agreement or the other Project Documents, other than those obligations set forth in other provisions of this Section 9.2, in each case not cured (a) with respect to defaults under this Agreement, within the time frame set forth in Section 9.2(d) below, or (b) with respect to any other Project Document, within the period of time required by such other Project Document;

vi. A filing of a foreclosure or other creditor’s action or exercise of control over the Project by a lender or other creditor (or written notice of intent to effect a foreclosure or other lender’s action, or intent by such lender to exercise control over the Project, unless the lender acknowledges in writing satisfactory progress, agrees not to take action without further notice, and refrains from action until cure occurs);

vii. An Event of Bankruptcy respecting the Partnership, the Special Limited Partner, the General Partner, or a Guarantor; provided, however, if an Event of Bankruptcy occurs with respect to a Guarantor, the General Partner shall have thirty (30) days to find a replacement Guarantor that receives the reasonable Consent of the Limited Partner;

viii. The General Partner directly or indirectly causes the construction schedule set forth in the Project Documents to be delayed by more than ninety

(90) days or failure to complete the Project and reach the Completion Date within one-hundred eighty (180) days following the Target Completion Date (provided, however, that if the General Partner is diligently pursuing construction completion and has provided to the Limited Partner such documentation satisfactory to the Limited Partner to evidence that the Project will be completed by a revised completion date reasonably acceptable to the Limited Partner, the Limited Partner shall not remove the General Partner solely for violation of this provision), or if prior to the Completion Date there is any termination of any permanent financing commitment, unless such commitment is replaced under terms and conditions that receive the Consent of the Limited Partner, within sixty (60) days after such event;

ix. After 2019, failure of the Limited Partner to receive 80% of the Projected Credit Amount of each Credit or 80% of any of the annual Credits listed on Exhibit A-3 (after adjustment pursuant to Sections 3.3(a)) for any year) unless the Limited Partner is fully compensated by the General Partner and/or Guarantor for such shortfall;

x. In the event of fraud of the General Partner, the Special Limited Partner any Guarantor or any Affiliate thereof or in the event of a felony conviction of any individual Guarantor, which has a material adverse effect of the Partnership, the Project or the Limited Partner; provided that such occurrence with respect to an individual board member of the Special Limited Partner and/or the sole member of the Housing Authority GP Member shall not be cause for removal of the Special Limited Partner if such board member is removed and replaced within a reasonable time and in accordance with the requirements of Clackamas County.

xi. [Reserved]; or

xii. Without the Consent of the Limited Partner, if (i) Pedcor Investments, A Limited Liability Company or any combination of Pedcor Investments, A Limited Liability Company, Bruce A. Cordingley, Gerald K. Pedigo and/or Phillip J. Stoffregen shall cease to own 49% membership interests of the General Partner, (ii) if Pedcor Investments, A Limited Liability Company, (or an Affiliate thereof) ceases to control and/or manage the General Partner.

xiii. with respect to the Special Limited Partner only, failure of the Partnership or the Special Limited Partner to maintain the Property Tax Exemption; provided, however, that the General Partner shall have the right to remove the Special Limited Partner in accordance with this provision following receipt of notice by the Limited Partner from the General Partner that the Property Tax Exemption has been irrevocably terminated or the Partnership is no longer eligible to receive the Property Tax Exemption; provided that the General Partner and its Affiliates are not currently in material default under any provisions of this Agreement or any Project Document which would adversely impact the Limited Partner and/or the Partnership and provided, further, that the General Partner

either: (i) uses commercially reasonable efforts to locate a Special Limited Partner acceptable to the Limited Partner which is eligible for the Property Tax Exemption, if still available by state statute; or (ii) so long as the Project is able to maintain a debt service coverage ratio of 1.15X or higher, and the General Partner provides additional funds to the Operating Reserve in an amount equal to the value of the Property Tax Exemption, the General Partner may remove the Special Limited Partner without identifying a replacement. In the event the General Partner removes the Special Limited Partner pursuant to this Section 9.2(a)(xii) without securing a replacement, all of the economic interest resulting from the operation of the Project which was otherwise allocated to the Special Limited Partner, shall be directed to the General Partner. Notwithstanding the foregoing, in the event the General Partner removes the Special Limited Partner pursuant to this Section 9.2(a)(xiii), the Special Limited Partner, acting as the sole member of the Housing Authority GP Member, hereby acknowledges and agrees that the General Partner shall also have the right to acquire the Housing Authority GP Member interest as described in Section 14.1.

(b) Upon the removal of the General Partner or Special Limited Partner for any reason pursuant to Section 9.2(a), the remaining or successor General Partner or Special Limited Partner, as applicable, either of which shall have been appointed by and/or approved by the Limited Partner shall cause the Partnership to redeem the removed General Partner's and/or Special Limited Partner's Interest for one hundred dollars (\$100). Such removed or withdrawn General Partner and/or Special Limited Partner shall thereafter cease to have any interest in the capital, profits, losses, distributions, and all other economic incidents of ownership of the Partnership (including any right to payment of accrued but unpaid fees) and all agreements (including loans) between the Partnership and the General Partner, or any Affiliates of such General Partner or, between the Special Limited Partner or any Affiliates of the Special Limited Partner, as applicable, may, at the election of the Partnership, be terminated, including, without limitation, the Construction Documents (other than any accrued and unpaid Development Fee or Contractor Fee which was included in the qualified basis of the Project for allocation of the Credits), provided however, except as set forth in Section 5.11, fees that have accrued prior to such removal shall be subject to set-off for damages incurred by the Partnership or the Limited Partner as a result of, or reasonably relating to, the events that gave rise to removal or the removal itself, without penalty, and, upon any termination the Partnership shall have no further obligation under such agreements including, without limitation, the obligation to pay accrued but unpaid fees and upon any assignment, the Partnership's liability shall be only to any such assignee, further provided however, all Development Fee Advances and Contractor Fee Advances theretofore made by the removed General Partner or Special Limited Partner shall not be terminated but the right to repayment of all such Development Fee or Contractor Fee Advances payable to the removed Partner shall automatically be transferred to the substitute Partner an incentive administrative fee. Further, if the Management Agent is an Affiliate of the General Partner or Special Limited Partner, upon any removal of the General Partner or Special Limited Partner, the

General Partner or Special Limited Partner, as applicable, shall (at the election of the Partnership) simultaneously cause termination of such management agreement without penalty, at its sole cost and expense. The General Partner and Special Limited Partner hereby grant to the Limited Partner a security interest in any and all fees and other amounts payable to the General Partner and its Affiliates and to the Special Limited Partner and its Affiliates respecting this Project to secure its obligations under this Agreement. The General Partner and Special Limited Partner hereby grants the Limited Partner its unconditional, irrevocable power-of-attorney to execute any amendments to this Agreement and such other Project Documents as deemed necessary by the Limited Partner, on its behalf and in its place and stead to evidence the redemption of its Interest of record, and its withdrawal as a partner of the Partnership. This power of attorney is coupled with an interest and is irrevocable.

(c) In the event that the General Partner or Special Limited Partner has been removed, the Limited Partner shall have the right, without the consent of any of the other Partners, to designate a successor General Partner or Special Limited Partner, as the case may be. The Limited Partner may, within ninety (90) days (or such longer period as may be permitted under applicable law) of the sole General Partner's removal, elect to continue the business of the Partnership. In the event only the Special Limited Partner has been removed, the General Partner shall have the right to designate a successor Special Limited Partner, or not, as the case may be and as detailed in Section 9.2(a)(xiii) above. Such successor Special Limited Partner is subject to the Consent of the Limited Partner, not to be unreasonably withheld, delayed or conditioned.

(d) The Limited Partner shall not have the right to exercise any of its remedies pursuant to this Section as a result solely of any failure or violation described in Section 9.2(a) (other than the events described in Sections 9.2(a)(vii) and 9.2(a)(x)) (but subject to the conditions stated in said provisions) if any General Partner or Special Limited Partner, as applicable shall cure its respective failure or violation within thirty (30) days after notice or such longer period of time as necessary, provided the General Partner or Special Limited Partner is diligently pursuing such cure to completion, but in no event more than ninety (90) days; provided that (i) the foregoing thirty (30) day cure period shall not apply in the event of any failure or violation that constitutes an event of default as defined in any Loan Document and acknowledged by Lender as such and as to which no cure period is provided to the Partnership or if the cure period is shorter than thirty (30) days then such shorter cure period shall apply; and (ii) the aforesaid cure period shall commence as provided above, but in any event shall be deemed to commence simultaneously with the cure period provided in any Loan Documents. No cure period shall be available to the General Partner or Special Limited Partner for its respective violation of the events described in Sections 9.2(a)(vii) and 9.2(a)(x), but subject to the conditions set forth in said provisions. Nothing in this Section 9.2 shall reduce or otherwise limit the rights, remedies or other actions available to the Limited Partner against the removed General Partner or Special Limited Partner.

9.3 Event of Bankruptcy of a General Partner or Special Limited Partner

(a) A General Partner shall cease to be a General Partner upon an Event of Bankruptcy with respect to such General Partner. The Special Limited Partner shall cease to be a Special Limited Partner upon an Event of Bankruptcy with respect to such Special Limited Partner. provided, however, that the General Partner shall within thirty (30) days following such event, locate and cause to be admitted to the Partnership, a Special Limited Partner acceptable to the Limited Partner which is eligible for the Property Tax Exemption. Upon such an Event of Bankruptcy, the remaining or successor General Partner or Special Limited Partner shall cause the Partnership to redeem the General Partner's or Special Limited Partner's Interest for one hundred dollars (\$100) and such General Partner or Special Limited Partner shall thereafter cease to have any interest in the capital, profits, losses, distributions, and all other economic incidents of ownership of the Partnership and the Partnership shall have the right to cause all contracts or agreements (including loans, but not the Disposition Loan or HOME Loan) between the Partnership and the General Partner or any Affiliates of the General Partner or between the Partnership and the Special Limited Partner or any Affiliates of the Special Limited Partner to thereupon terminate without penalty or be assigned, and upon any termination the Partnership shall have no further obligation under any such agreements; provided that the Partnership Management Agreement shall remain valid and in effect as to the non-bankrupt partner and the entirety of such fee shall be payable to the non-bankrupt partner, if the non-bankrupt partner remains the sole partner other than the Limited Partner, otherwise, the fee shall be split in the same manner between the new Partner and/or existing non-bankrupt Partner. The General Partner and the Special Limited Partner hereby grant the Limited Partner its power-of-attorney to execute any amendments to this Agreement on its behalf and in its place and stead to evidence the redemption of its Interest of record. This power of attorney is coupled with an interest and is irrevocable.

(b) If, at the time of an Event of Bankruptcy with respect to a General Partner, such General Partner was the sole General Partner, the Limited Partner shall have the right, in its sole discretion, subject to the consent of HCA, as applicable, to designate the successor General Partner and the Limited Partner may, within the maximum number of days permitted by the Act after the General Partner's ceasing to be a General Partner of the Partnership, elect to continue the business of the Partnership.

9.4 Liability of a Removed or Withdrawn General Partner

A General Partner who for any reason voluntarily or involuntarily withdraws or is removed from the Partnership or sells, transfers, or assigns its Interest shall be and remain liable for all obligations, liabilities, and guarantees incurred by it as a General Partner prior to the time when the withdrawal, removal, sale, transfer, or assignment becomes effective, including but not limited to the obligations and liabilities of the General Partner set forth in Sections 3.3, 5.9, 5.10 and 5.11 of this Agreement with regard to Development Advances, Operating Deficit Advances,

Development Fee Advances, Contractor Fee Advances and Credit Adjuster Advances then payable, and for any obligation or liability to the Limited Partner that may arise at any time under Sections 5.6 and 5.7. Such General Partner shall continue to be liable pursuant to the provisions of Section 5.4 with respect to its acts and omissions occurring on or prior to the effective date of such withdrawal or removal. Removal or withdrawal of the General Partner shall not limit or affect the obligations of the Guarantor under the Guaranty or the Developer under the Development Agreement.

9.5 Continuation of the Business of the Partnership

(a) If, at the time of an event described in Section 9.2 or Section 9.3 or any other event described in the Act with respect to a General Partner that requires an election to continue the Partnership, such General Partner was not the sole General Partner, the remaining General Partner or General Partners shall elect to continue the business of the Partnership and shall immediately: (i) give Notice to the Limited Partner of such event; and (ii) make any amendments to this Agreement and execute and file for recording any amendments or other documents or instruments necessary to reflect the termination of the Interest of the General Partner as to which such event has occurred and such General Partner's having ceased to be a General Partner and in order to comply with the requirements of the Act.

(b) A Person shall be admitted as a successor or additional General Partner with the Consent of the Limited Partner and the consent of HCA, as applicable, if an amendment to the Certificate evidencing the admission of such Person as a General Partner shall have been filed for recordation. The General Partner hereby agrees to execute promptly any such amendment to the Certificate, if required in the event of its withdrawal or removal pursuant to the provisions of this Article IX, and, in addition, hereby grants to Limited Partner a power-of-attorney to execute any such amendment on its behalf and in its place and stead in the event of its withdrawal or removal. This power-of-attorney is coupled with an interest and is irrevocable. The election by the Limited Partner to remove any General Partner or Special Limited Partner under Section 9.2 shall not limit or restrict the availability and use of any other remedy that the Limited Partner or any other Partner might have with respect to any General Partner or Special Limited Partner in connection with its undertakings and responsibilities under this Agreement, and they are understood by the parties hereto to be permitted by the Act as the exercise of powers not constituting participation in the control of the business so as to convert the limited partner interest of the Limited Partner into a general partner interest for any purpose or to any extent.

ARTICLE X

ASSIGNABILITY OF INTERESTS OF LIMITED PARTNER

10.1 Substitution and Assignment of a Limited Partner's Interest

The rights of the Limited Partner to assign or transfer any interests in the Partnership are as follows:

(a) The General Partner and Special Limited Partner hereby expressly consent to assignment(s) or transfer(s) by a Limited Partner of its Partnership interest, in whole or in part, from time to time, to an Affiliate or Affiliates USBCDC (and its successors) or to any limited liability company or partnership in which the Limited Partner or any Affiliate of USBCDC (and its successors) is the manager or managing general partner, and to the admission of such transferee(s) as limited partner(s), provided the assignee assumes the Limited Partner's obligations under this Agreement, including but not limited to, the Limited Partner's unpaid Capital Contribution obligations, and further provided that the Limited Partner shall remain liable for payment of unpaid Limited Partner Capital Contributions until fully paid. Any such assignment shall be evidenced by an assignment and assumption agreement in substantially the same form as is attached hereto as Exhibit K. In addition, such transferee(s) shall become a Limited Partner(s) hereunder upon full execution of an amendment to this Agreement (substantially in the form attached hereto as Exhibit L), evidencing such admission, under terms and provisions acceptable to the Limited Partner.

(b) If the approval of any lender or HCA is required pursuant to the terms of any Loan, Project Document or other agreement of the Partnership, such approval must be requested by the General Partner and the Special Limited Partner and the General Partner and Special Limited Partner shall use good faith efforts to obtain such approval.

(c) The General Partner and Special Limited Partner hereby grant the Limited Partner an unconditional, irrevocable power of attorney to execute any and all documents necessary or appropriate to effectuate the admission of limited partner(s) pursuant to Section 10.1(a) above, which power of attorney is coupled with an interest and is irrevocable.

(d) All other transfers of the Partnership Interest of a Limited Partner shall require the prior Consent of the General Partner and Special Limited Partner, not to be unreasonably withheld, delayed or conditioned.

(e) In conjunction with any contemplated sale, transfer, assignment or other disposition by the Limited Partner of all or any part of its interest in accordance with the provisions of this Article X, the Limited Partner is authorized to obtain, at its sole cost and expense updated UCC, judgment and tax lien searches with respect to the General Partner, the Special Limited Partner and the Partnership and to disclose information (including the Limited Partner's internal analysis) to potential transferees of the Limited Partner's interest concerning the Partnership, the Special Limited Partner, the General Partner, the Guarantor, the Developer, any other Persons involved in the development and operation of the

Project and to initiate contact (and take any other actions needed to obtain required consents) with any Lender or other third-party whose consent to such disposition may be required. The General Partner and Special Limited Partner each represents and agrees that it will take all actions reasonably necessary (or reasonably requested by the Limited Partner) to cooperate with the Limited Partner and facilitate the Limited Partner's disposition of its Interest and/or the receipt of such consents, including, but not limited to, delivering an updated legal opinion, providing financial statements, information and reports with respect to the General Partner, the Special Limited Partner, the Guarantor, the Developer and/or the Partnership and reaffirming the accuracy of the representations and covenants set forth in this Agreement and the Limited Partner shall reimburse the General Partner and the Special Limited Partner for all costs reasonably incurred by it pursuant to this Section 10.1(e).

10.2 Substitute Limited Partners

(a) Transfers pursuant to Section 10.1(a) above do not require General Partner or Special Limited Partner approval or consent, and the General Partner and Special Limited Partner shall, upon request by the Limited Partner, execute an amendment to the Agreement (in the form of Exhibit N), evidencing the admission of the applicable assignee as a Substitute Limited Partner, subject to any applicable approvals required pursuant to Section 10.1(b). Transfers pursuant to Section 10.1(d) shall also be evidenced by an amendment to this Agreement, signed by the General Partner, the Special Limited Partner the Limited Partner and its transferee as Substitute Limited Partner. Respecting any transfer hereunder, the General Partner shall file any amended Certificate, if required by the Act.

(b) Following any transfer of its entire Interest in the Partnership by a Limited Partner, if the Assignee(s) shall become a Substitute Limited Partner(s) pursuant to the amendment to this Agreement, the assignor, in respect of the Interest assigned, shall no longer be deemed to be a Limited Partner hereunder (in all other situations, the Limited Partner shall continue to exercise the rights of a Limited Partner hereunder until such time as such Assignee(s) are duly admitted as Substitute Limited Partners), and except respecting unpaid Capital Contributions as specifically set forth in Section 10.1(a) or in the applicable amendment to this Agreement, upon such admission of the Substitute Limited Partner(s), the Limited Partner shall have no further duties or obligations hereunder.

(c) The Partnership, the General Partner and the Special Limited Partner shall be entitled to treat each Person set forth on Exhibit A as the absolute owner of its Interest in all respects, and shall incur no liability for distributions of cash or other property made in good faith to such Person until such time as a written assignment of such Interest has been executed in accordance with Section 10.1 above.

ARTICLE XI

MANAGEMENT AGENT

11.1 General Partner to Engage Management Agent

The General Partner shall have responsibility for engaging the Management Agent (which may be an Affiliate of the General Partner) acceptable to the Limited Partner, the Lenders and any other governmental authority having jurisdiction over the Project. The Management Agent (and any and all successor management agents) shall manage and operate the Project in accordance with the requirements of Section 42 of the Code and all other applicable requirements respecting the Credits and the Loans, and the applicable requirements of the Lenders, any other lenders and any other governmental authority having jurisdiction with respect thereto, pursuant to a Management Agreement in form and substance acceptable to the Limited Partner. Such Management Agreement shall contain a provision requiring that tenant security deposits, and all interest thereon, be deposited in a segregated Partnership account and that such amounts cannot be used to pay Partnership Expenses. The General Partner shall not authorize or permit any deviation from such Management Agreement which could impair the Credits or the operation of the Project and shall not remove such Management Agent without the Consent of the Limited Partner (which Consent may not be given until the General Partner has identified a replacement management agent acceptable to the Limited Partner). The management agreement shall require that the management plan and rental criteria to be utilized by the Management Agent shall be reviewed by the Limited Partner and its asset manager (listed on Exhibit A-6, “*Asset Manager*”) prior to commencing to lease any units in the Project. The Management Agreement shall expressly provide that the Management Agent shall not advance its own money for Project expenses, except in an emergency, in which event the Management Agent shall be required to notify the Partnership and the Limited Partner within thirty (30) days thereafter. The General Partner shall notify the Limited Partner in writing whenever it has knowledge that the Management Agent is advancing its own money to pay Project expenses; the failure of the General Partner to so notify the Limited Partner shall constitute substantial mismanagement of the Project for purposes of 9.2(a)(1). Upon the reasonable request of the Limited Partner (which may be based on Project compliance observations of its Compliance Manager (as defined below and failure to adequately perform)), the General Partner shall terminate the applicable Management Agreement, subject to, and in accordance with, its terms; provided, however, prior to requesting the removal of the Management Agent, the Limited Partner shall notify the Management Agent of its failure to perform and provide the Management Agent with a reasonable period of time to cure such failure. Any modification, termination or extension of a Management Agreement or any removal of the Management Agent or hiring of a new Management Agent shall be made only upon obtaining the consents or approvals, if any, required by the Loan Documents or Project Documents, as well as the Consent of the Limited Partner and the Consent of HCA, if required. The Consent of the Special Limited Partner shall also be required for any termination or substitution of the Management Agent, so long as the Special Limited Partner or any of its Affiliates owns an Interest in the Partnership or is providing a guaranty with respect to the Project, except when the Management Agent is terminated or substituted at the written direction of the Limited Partner for cause pursuant to the Management Agreement and the terms hereof or is terminated or substituted upon removal of the Affiliated Management Agent as a Partner hereunder. The Management Agent shall be entitled to receive

such management fees as may be agreed upon by the Partnership and such agent, consistent with the Annual Operating Budget and acceptable to the Lenders and the Limited Partner. Any successor Management Agent shall be entitled to receive such management fees as may be agreed upon between the Partnership and such agent consistent with the applicable Annual Operating Budget, and which shall be acceptable to the Lenders and HCA, if their consent is required, and the Limited Partner.

The Management Agreement shall be for an initial term ending one (1) year and thereafter for renewal terms of one (1) year with automatic one year renewals, shall provide that the Management Agent can be terminated without penalty by the Partnership upon thirty (30) days' prior written notice, with or without cause and, upon any such termination, notwithstanding anything to the contrary in this Agreement or any other agreement, no further amounts shall be owed to the Management Agent. Further, whenever, and so long as the Management Agent is a General Partner, Special Limited Partner or Affiliate of the General Partner or Special Limited Partner the Management Agreement shall contain the following provisions: (a) 60% of the Management Agent's monthly fees shall be accrued and subordinated to payment of Operating Deficits and to those priority distributions of Cash Flow listed as First, Second, and Third on Exhibit A-5, until funds are available to pay such fees, unless the Affiliated Partner is then current in funding any such Operating Deficits; and (b) the Management Agreement shall automatically terminate, upon the removal of the applicable Affiliated Partner as a partner in the Partnership. The General Partner shall require the Management Agent to use a form of lease, containing Credit compliance requirements, which is acceptable to the Limited Partner.

The Limited Partner shall have the right to designate a compliance review manager (the "**Compliance Manager**"), and the General Partner shall require that the Management Agent: (a) cooperate and participate in a review of Credit compliance requirements with the Compliance Manager prior to the marketing or leasing of any Credit Units, (b) cooperate with the Compliance Manager in periodic reviews of the compliance of the Project with Credit requirements, which compliance reviews may include, but shall not be limited to, physical inspection of the Project, review and copying of the files and other records of the management agent, and interviews with the management agent's staff, and (c) submit all tenant lease files required pursuant to Section 13.3(a)(2) to the Limited Partner and the Compliance Manager. The fees and expenses of the Compliance Manager will be paid directly by the Limited Partner. In no event shall any review and/or approval of tenant lease files, income qualification and/or other tenant records by the Limited Partner, the Limited Partner's Asset Manager and/or the Compliance Manager relieve the General Partner, the Special Limited Partner or the management agent of their respective obligations to operate and manage the Project in full compliance with Section 42 of the Code, nor constitute a defense to the General Partner's obligations hereunder and the General Partner shall not be entitled to rely on any such reviews and/or approvals.

11.2 Asset Management Fee

Commencing in the year of Completion, the Partnership shall pay to USBCDC (or to such other entity as USBCDC shall designate), within ninety (90) days following the end of each calendar year, an annual fee (the "**Asset Management Fee**") of \$10,000, for an annual review of

the operations of the Partnership and the Project and to reimburse USBCDC for the costs and expenses of its Credit compliance review, payable from Cash Flow, which Fee shall increase by ten percent (10%) on each fifth anniversary thereafter. To the extent that such Fee is not paid in any year or years, such Fee shall accrue, and shall be payable first from future years Cash Flow and thereafter upon refinancing, sale or liquidation, until fully paid. The Asset Management Fees payable during the Compliance Period are set forth on Exhibit P hereto.

ARTICLE XII

DISSOLUTION OF PARTNERSHIP

12.1 Dissolution

The Partnership shall be dissolved, and the business of the Partnership shall be terminated in accordance with the Act, upon the occurrence of any of the following events:

(a) The dissolution, liquidation, withdrawal, retirement, removal, death, insanity, disability and/or Event of Bankruptcy of a General Partner, under such circumstances where no other remaining General Partner desires to continue the Partnership; provided, however, that the Partnership shall not be dissolved as aforesaid if the Limited Partner shall, within the maximum number of days permitted by the Act, elect to continue the Partnership and the Partnership business, and shall designate a successor General Partner, which upon its admission to the Partnership shall immediately obtain all of the General Partner's rights to receive Cash Flow, Sale and Refinancing Proceeds, and the unpaid portion of any fees payable pursuant to this Agreement, to the extent not already earned by the General Partner, for a purchase price of one hundred dollars (\$100);

(b) An election to dissolve the Partnership made in writing by all of the Partners in accordance with the Act;

(c) The sale or other disposition of all or substantially all of the Partnership property;

(d) The expiration of the Term; or

(e) The occurrence of any other event causing the dissolution of a limited partnership under the laws of the State of Oregon.

12.2 Distribution of Partnership Assets

(a) Upon the dissolution of the Partnership, the Partnership business shall be wound up and its assets liquidated; and the net proceeds of such liquidation shall be distributed in the following order of priority (but in all events in accordance with the Act):

i. To the payment of the debts and liabilities of the Partnership (excluding any amounts that may be owed to any Partner and/or its Affiliates, but

including Additional Interest on the Bond Loan and repayment of the Disposition Loan and the HOME Loan) and the expenses of liquidation;

ii. To establishing any reserves that the General Partner or liquidator, in accordance with sound business judgment, deems reasonably necessary for any contingent or unforeseen liabilities or obligations of the Partnership, which reserves may be paid over to an escrow agent to be held by such agent for the purpose of (A) distributing such reserves in payment of the aforementioned contingencies, and (B) upon the expiration of such period as the General Partner or such liquidator may deem advisable, distributing the balance thereof in the manner provided in this Section 12.2;

iii. (i) To the Limited Partner to pay any outstanding Credit Deficiencies (including, without limitation, amounts owed due to a Change in Law), and any loans or other advances made by the Limited Partner;

(ii) To pay any outstanding and unpaid Asset Management Fees;

iv. To the General Partner or its applicable Affiliate, or the Special Limited Partner or its applicable Affiliate, first the amount of any then unpaid Development Fee (and interest thereon) and thereafter in the amount of any outstanding Development Advance, Operating Deficit Advance, Contractor Fee Advance, Credit Adjuster Advance, Development Fee Advance or other loans payable to the General Partner or Affiliates or the Special Limited Partner or Affiliates;

v. In the event the General Partner has arranged the sale of the Project to an unrelated third party, the Sale Administration Fee to the applicable party; and

vi. To the Partners in accordance with positive Capital Account balances. It is the intent of the Partners that, upon liquidation of the Partnership, any liquidation proceeds available for distribution to the Partners be distributed in accordance with the Partners' respective positive Capital Account balances. The Partners believe that distributions under Section 8.2 will effectuate such intent. In the event that, upon liquidation, there would otherwise be any conflict between a distribution pursuant to the Partners' respective positive Capital Account balances and the intent of the Partners with respect to distribution of proceeds as provided in Section 8.2, the Liquidator shall, notwithstanding the provisions of Article VII, allocate the Partnership's gains, profits and losses in a manner that will, as nearly as possible, cause the distribution of liquidation proceeds to the Partners to be in accordance both with the Partners' economic expectations as set forth in Section 8.2 and their respective Capital Account balances (after all allocations required by Article VII have been made). If the Partnership's gains, profits and losses are insufficient to cause the Partners' Capital Accounts to be in such amounts as will permit liquidation proceeds to be distributed both in accordance with the Partners' respective positive Capital Account balances and Section 8.2, then liquidation

proceeds shall be distributed in accordance with the Partners' respective positive Capital Account balances after the allocations described herein have been made.

(b) If any assets of the Partnership are to be distributed in kind, they shall be distributed on the basis of their fair market value, and any Partner entitled to any interest in such assets shall receive it as a tenant-in-common with all other Partners so entitled. If assets are to be distributed in kind, the Partners' Capital Accounts shall be appropriately adjusted before any such distribution to reflect the increases or decreases to the Capital Accounts that would have occurred if the property distributed in kind had been sold for its fair market value by the Partnership prior to distribution.

(c) If, upon the dissolution and liquidation of the Partnership or upon the liquidation of the General Partner's Interest (whether or not in connection with the liquidation of the Partnership), the General Partner has a negative balance in its Capital Account (as determined after taking into account Capital Account adjustments pursuant to Section 7.5 as well as adjustments for the Partnership Fiscal Year during which the liquidation of the General Partner's Interest occurs, other than those for contributions made pursuant to this Section 12.2(c)), then the General Partner shall be required to contribute to the capital of the Partnership, by the end of the Fiscal Year of such liquidation (or, if later, within ninety (90) days of such liquidation), an amount equal to the lesser of: (i) such negative balance, or (ii) all allocations of loss and deduction to the General Partner pursuant to Sections 7.4(d) and 7.4(l) hereof plus the General Partner's Percentage Interest of the Net Losses of the Partnership for all Fiscal Years. Such contributions shall be receipts of the Partnership available for payment of operating expenses of the Partnership or distribution to the Partners, in accordance with the terms of this Agreement. If, upon liquidation of the Limited Partner's Interest (whether or not in connection with the liquidation of the Partnership), the Limited Partner has a negative balance in its Capital Account, the Limited Partner shall have no obligation to make any contribution to the capital of the Partnership and the negative balance of the Limited Partner's Capital Account shall not be considered a debt owed by the Limited Partner to the Partnership or any other Person for any reason whatsoever. The parties hereto agree that the Limited Partner shall have the right (exercisable in its sole discretion) at any time, upon giving written notice to the General Partner, to create a deficit restoration obligation and/or to extend the years in which it may be obligated to restore any deficit balance in its Capital Account.

(d) It is the intent of the Partners, that upon liquidation of the Partnership, any liquidation proceeds available for distribution to the Partners be distributed in accordance with the Partners' respective Capital Account balances. The Partners believe that distributions under Section 8.2 will effectuate such intent. In the event that, upon liquidation, there would otherwise be any conflict between a distribution pursuant to the Partners' respective positive Capital Account balances and the intent of the Partners with respect to distribution proceeds as provided in Section 8.2, the Liquidator shall, notwithstanding the provisions of Section 7.3,

7.4, and 8.1 (but after all of the allocations provided for in Section 7.4 shall have been made) allocate the Partnership's items of income, gain, loss and deduction and distribute Cash Flow in a manner that will, as nearly as possible, cause the distribution of liquidation proceeds to the Partners to be in accordance both with the Partners' economic expectations as set forth in Section 8.2 and their respective Capital Account balances. If the Partnership's items of income, gain, loss and deduction and Cash Flow distributions are insufficient to cause the Partners' Capital Accounts to be in such amounts as will permit liquidation proceeds to be distributed both in accordance with the Partners' respective positive Capital Account balances and Section 8.2, then liquidation proceeds shall be distributed in accordance with the Partners' respective positive Capital Account balances after the allocations described herein have been made.

12.3 Termination of the Partnership

The Partnership shall terminate when all Partnership property shall have been disposed of (except for any liquid assets not so disposed of), and the net proceeds therefrom, as well as any other liquid assets of the Partnership, have been distributed to the Partners as provided in this Article XII and in accordance with the Act.

ARTICLE XIII

ACCOUNTING AND REPORTS

13.1 Bank Accounts

Except as otherwise specified to the contrary in this Agreement or as required pursuant to the Loan Documents, all funds of the Partnership shall be invested in the name of the Partnership in accounts held at United Fidelity Bank by the General Partner or Special Limited Partner, under such terms and conditions (including signatories) as the General Partner shall approve, provided that the General Partner shall be a signatory whether or not the Management Agent is also a signatory and whether or not it is an Affiliate of the General Partner, and provided further that such investments shall be limited to (a) U.S. Bank National Association or such other financial institutions as are acceptable to the Limited Partner and whose deposits are insured by an agency of the U.S. Government (such as the Federal Deposit Insurance Corporation) and where the instrument's or account's maturity does not exceed the lesser of one year or the time period within which the funds are anticipated to be needed by the Partnership; or (b) direct obligations of the U.S. Government (such as U.S. Treasury Bills) where the instrument's maturity does not exceed the lesser of one year or the time period within which the funds are anticipated to be needed by the Partnership or other investments subject to the Consent of the Limited Partner.

13.2 Books of Account

There shall be kept at the principal office of the Partnership true, correct, and complete books of account, maintained in accordance with generally accepted accounting principles, consistently applied, in which shall be entered fully and accurately each and every transaction of

the Partnership. For federal income tax and financial reporting purposes, the Partnership, the General Partner and the Special Limited Partner shall use the accrual method of accounting and the tax year of the Partnership shall be the Fiscal Year. Each Partner shall have access thereto to inspect and copy such books of account at all reasonable times upon reasonable advance notice. Any Partner shall further have the right to a private audit of the books and records of the Partnership, provided that such audit is made at the expense of the Partner desiring the same and is made at reasonable times during normal business hours after due Notice. The Partnership shall retain all books and records for the longest of the period required by applicable laws and regulations, Section 42 of the Code, the Project Documents and Loan Documents.

13.3 Reports

The Limited Partner hereby directs that all of the reports set forth below be sent to the Limited Partner at the address set forth on Exhibit A-6 attached hereto or to another address as directed in writing by the Limited Partner. Unless expressly stated otherwise, the obligations of the Special Limited Partner under this Section 13.3 shall also be obligations of the General Partner.

(a) The General Partner shall cause to be prepared and delivered to the Limited Partner, when required, shall cause the Partnership to file with relevant governmental agencies, each of the documents set forth below. Time is of the essence respecting the requirements set forth herein. In addition, and not in limitation of Limited Partner's remedies under this Agreement, if the General Partner or Special Limited Partner shall fail to provide all or any of the requested documents or information to the Limited Partner within the required time, which failure continues for thirty (30) days after receipt of written request from the Limited Partner, the General Partner and the Special Limited Partner (from their own funds and not from the funds of the Partnership) shall pay to the Limited Partner the amount of Two Hundred Dollars (\$200) per day from the thirty-first (31st) day until all of the requested documents or information are delivered to the Limited Partner in compliance with the following schedule, provided however that the General Partner and Special Limited Partner shall have the right to obtain one thirty (30) day extension of such time period by written request made to Limited Partner:

i. Construction and Lease-up Progress. Simultaneously with delivery to lenders, the General Partner shall provide copies of all construction draws, with all applicable back up documentation. Upon commencement of lease up of Units, the General Partner shall provide within ten (10) days after the end of each calendar month a rent roll reflecting units leased as of the end of such month, rental rates payable under such leases, (ii) Partnership financial statements (income statement and balance sheet) and (iii) and such other information as the Limited Partner may request; provided, however, upon Stabilization and conversion of the First Mortgage Loan to the permanent phase, the General Partner shall thereafter provide the Limited Partner with financial statements and reports pursuant to the requirements set forth in Section 13.3(a)(4) in lieu of the monthly financial statements described herein.

ii. Full Initial Tenant Files and Subsequent Tenant Files. As requested by the Limited Partner, or its Compliance Manager, but no later than the end of the Lease-up Period, the General Partner shall provide all Credit Unit complete tenant files, including, without limitation, each tenant's income certification/certificate of resident eligibility, all sources used in verifying income and assets (including, but not limited to, third party verification, checking and savings accounts, pay stubs, verification of assets, etc.), a copy of the completed lease signed and dated for each Credit Unit, showing the start date of the lease. In all events, the tenant lease for each Credit Unit shall include a provision pursuant to which the Partnership may terminate such lease, without penalty, on not more than 30 days' prior written notice, in the event that the Limited Partner or its Compliance Manager, as the case may be, shall determine that the tenant(s) occupying such Credit Unit do not satisfy the applicable income limitations under Section 42(g) of the Code with respect to such Credit Unit. Thereafter, the General Partner shall provide Credit Unit tenant files and/or updated income and/or eligibility certificates as may be requested by the Limited Partner, or its Compliance Manager, from time to time. Further, prior to commencement of the Lease-up Period, the management plan, including, without limitation, the rental criteria and criteria respecting lease termination and eviction shall, upon the request of the Limited Partner, be submitted to the Limited Partner for its review, and each change in such management plan and criteria shall also be submitted to the Limited Partner for its review upon request, prior to instituting any such change.

iii. Annual Operating Budget. As requested by the Limited Partner (but in no event prior to the commencement of the Lease up Period), by no later than sixty (60) days prior to the beginning of the Fiscal Year which is the first full year of Project operations and annually thereafter, the General Partner shall prepare a proposed Annual Operating Budget which shall be submitted, in the form attached hereto as Exhibit I or in a format which provides a substantially similar level of detail to the Limited Partner, its asset manager (at the address set forth in Exhibit A-6 of this Agreement or to such other address as directed by the Limited Partner) for its review. The Limited Partner shall have thirty (30) days to notify the General Partner that it does not approve part or all of the proposed Annual Operating Budget and the reasons therefor, and in such event the General Partner, and the Limited Partner shall negotiate in good faith to reach agreement on a new Annual Operating Budget, provided that until such issues are resolved the current year's Annual Operating Budget shall be used for the following year, increased annually by the percentage increase in the Consumer Price Index for All Urban Consumers, U.S. City Average for All Items (1982-84 = 100), as published by the Bureau of Labor Statistics of the U.S. Department of Labor. If during the term of this Agreement said Index shall not be published, such other available index as shall be designated by the Limited Partner which is comparable in effect to that Index presently published by the Bureau of Labor Statistics shall be used in lieu thereof. The Annual Operating Budget shall specify all amounts required to be expended from the Project Operating Reserve and/or Replacement Reserve, if any, and shall list all work to be effected from the amounts removed from said Operating Reserve and/or Replacement Reserve, as appropriate.

iv. Quarterly Financial Statements of the Partnership and Regulatory Reporting, Filings and Notice. Upon commencement of the Stabilization Period, as soon as available and in any event not later than thirty (30) days after the end of each quarter of each year, unaudited financial statements of the Partnership, in the form attached hereto as Exhibit I and Exhibit J or in a substantially similar form, including (i) a balance sheet as of the end of such quarter, income statement for such quarter, and copies of the rent rolls for the Project indicating the Unit number, tenant name, concessions, rent, family size, family income and area median income for each tenant and (ii) an unaudited comparison of the actual results of the operations of the Partnership during the applicable quarter with the budget for such quarter pursuant to the Annual Operating Budget under Section 13.3(a)(3) of this Agreement. Further, at the request of the Limited Partner, whether prior to or after commencement of the Stabilization Period: (i) copies of any filings made by the Partnership during the previous quarter with respect to the Project's compliance with any income and rent regulatory restrictions imposed on the Project; (ii) copies of any reports, notices and/or other communications received by the Partnership from the State HCA or any other governmental authority regarding the Project's compliance with any income and rent restrictions, applicable program or protected class, or any physical inspection of property and any responses to the same; (iii) any other information regarding the Partnership and its operations during the prior fiscal quarter reasonably deemed by the General Partner to be material to the Limited Partner, for example, any lawsuits involving the Partnership or its Property; (iv) if a mixed-income project, evidence of compliance with the next available unit rules under Section 42 of the Code, and such related information respecting the operations of such project as may be deemed by the General Partner to be material to the Limited Partner; and (v) any other information regarding the Partnership and its operations during the prior fiscal quarter reasonably deemed by the Limited Partner to be material to the Limited Partners, including, without limitation, evidence of insurance coverage, all certified by the General Partner as presenting fairly the condition of the Partnership at the date of such statements.

v. Annual Audited Financial Statements of the Partnership. Commencing with the Fiscal Year in which income from Project operations is first generated, as soon as available and in any event not later than ninety (90) days after the end of such Fiscal Year, the audited financial statements of the Partnership, as of the end of such year (including the results for the current and immediately preceding year), including balance sheet, statement of changes in Partners' capital accounts, statement of sources and uses of funds, statements summarizing the amount of Credits, and depreciation, annual cash flow calculation pursuant to Section 8.1, number of tenants served and the cost of such services, detailed statement of any transactions between the Partnership and the General Partner or its Affiliates and/or the Special Limited Partner or its Affiliates, and of fees, commissions, compensation and other benefits paid, or accrued, to the General Partner or its Affiliates and/or the Special Limited Partner or its Affiliates for the prior fiscal year of the Partnership, showing the amount paid or accrued to each recipient and a general indication of the services

performed, with the report of the Accountants thereon stating that an audit of such financial statements has been made in accordance with generally accepted auditing standards, stating the opinion of the Accountants in respect of the financial statements and the accounting principles and practices reflected therein and as to the consistency of the application of the accounting principles, and identifying any matters to which the Accountants take exception, and stating, to the extent practicable, the effect of each such exception of such financial statements.

Further, as of the audit date the General Partner will, at the option of the Limited Partner, send a certificate from an officer of the General Partner in the form attached hereto as Exhibit N, to the effect that, as of the end of the preceding year, (A) all required payments of Project loan indebtedness, real estate taxes and insurance on the Project have been made (together with copies of paid receipts for such taxes and insurance) and (B) if applicable, to the best knowledge of such officer, no material default has occurred and is continuing with respect to any mortgage financing relating to the Project or, to the extent that such officer is unable to certify to any of the foregoing, stating the reason for such inability and the action, if any, taken or proposed to be taken by the General Partner relating thereto, accompanied by proof of payment of property taxes and insurance for such fiscal year, and, upon request of Limited Partner, confirmation from the applicable Project mortgage lenders of no payment default or other default of which such mortgage lender is aware under such mortgage loans.

In the case of audited financial statements, each such statement shall be prepared in accordance with generally accepted accounting principles applied on a consistent basis, and in the case of unaudited financial statements, each such statement shall be prepared on the basis of the accrual method of accounting.

vi. Annual Reviewed Financial Statements of the General Partner, the Special Limited Partner and the Guarantor. As soon as available and in any event not later than one-hundred eighty (180) days after the end of the General Partner, the Special Limited Partner and the Guarantor's fiscal year, the internally prepared financial statements of General Partner, the Special Limited Partner and the Guarantor as of the end of each such year (including the results for the current and immediately preceding year), including the balance sheets, related statements of income and retained earnings, and statement of changes in financial positions for such year, certified by an officer or the individual, as applicable, that the same are true, correct and complete and to the effect that such statements present fairly the financial position at the end of such year and the results of their operations and changes in their financial position for the year then ended, in conformity with generally accepted accounting principles applied on a consistent basis. Further, upon the request of the Limited Partner, the General Partner shall cause the Guarantor to deliver supporting documentation in connection therewith.

vii. Annual Partnership Return. Commencing in the Fiscal Year in which the Limited Partner's First Capital Installment is funded hereunder, as soon as available and in any event in draft form not later than sixty (60) days after the end of such Fiscal Year and in final form not later than seventy-five (75) days after

the end of such Fiscal Year, the General Partner shall provide all information necessary for the preparation of the Limited Partner's federal income tax return for each year in respect of income, gains, losses, deductions, or credits and the allocation thereof to each Partner, including a Form K-1 (or other comparable form subsequently required by the IRS) and a copy of the federal "*Partnership Return*" and any state or local Partnership tax return required to be filed by the Partnership, as well as an annual capital account calculation, 704(b) calculation and analysis (and, at the Limited Partner's request, if losses are in excess of the projected losses in the Projections, proforma 704(b) analysis for the remainder of the Compliance Period), and minimum gain analysis prepared by the Accountants, Accountant-prepared analysis of Partnership debt (and debt worksheet), which would include the extent to which each Partner bears the economic risk of loss under Section 752 of the Code for such debt, and any other Accountant-prepared workpapers in connection with the preparation of the tax return as may be requested by the Limited Partner. The General Partner shall not file such Partnership return without providing the Limited Partner at least thirty (30) days to review and approve such return. To the extent that, for any reason, the General Partner has not provided such information by June 1 of any Fiscal Year, the Limited Partner may, at any time thereafter, by written notice to the General Partner, require the General Partner to replace the Accountants with accountants designated by the Limited Partner (or otherwise acceptable to the Limited Partner, at its option), and to the extent that such late receipt of information results in the Credits for such Fiscal Year not being used by the Limited Partner because it elects not to amend its tax returns for such Year, then such unused Credits shall constitute additional Credit Deficiency payable hereunder.

viii. Annual Guarantor Return. At the request of the Limited Partner, the General Partner shall deliver to the Limited Partner annually a copy of the federal tax returns of each Guarantor within sixty (60) days after each such return has been filed.

ix. Periodic Reports Requiring Limited Partner Approval. Material periodic reports required to be provided to the Limited Partner by any federal, state, or local government agency having jurisdiction over the Project, or the Partnership.

x. Notice of Defaults, IRS Proceedings. Immediately upon receipt of (A) notice of any default under any Loan or financial obligation of the Partnership, (B) notice of any IRS proceeding involving the Partnership, or (C) any payment or draw made under any operating deficit guaranty, construction completion guaranty, performance bond or letter of credit, and any other significant developments affecting the Partnership, its business or assets.

xi. Estimate of Taxable Income, Loss and Credits. At the request of the Limited Partner, an estimate of the Partnership's taxable income or loss and applicable Credits for such year and each Partner's share thereof.

xii. Draws on Bonds; Calls on Guaranties. Notice of any draw, call or demand for payment from any third party respecting any contractor payment or performance bonds or construction completion guarantee and notice of any proposed General Partner recommendation respecting action to be taken by the Partnership respecting draw, call or demand for payment respecting any such bonds or guaranties (which General Partner's recommendation shall require the Consent of the Limited Partner).

xiii. HCA Information. Within ten (10) days of filing or receipt, copies of all annual reports or other filings (including, without limitation, the Extended Use Agreement and the Annual Owner's Certificate of Continuing Compliance) submitted to the HCA and copies of all material correspondence with the HCA with respect to the Partnership or the Project.

xiv. Lender Information. Thirty (30) days prior to submission to any Project mortgage lender of all material correspondence, if any, for purposes of calculating available cash flow in connection with any Project mortgage loan, the General Partner shall submit the same to the Limited Partner for review.

xv. Cash Flow. Prior to or concurrent with any allocation or distribution of Cash Flow, the General Partner shall submit to the Limited Partner for approval which approval shall not be unreasonably withheld, an accounting of available Cash Flow and the proposed allocation or distribution, on at least an annual basis, in a form acceptable to Limited Partner.

xvi. Taxes, Insurance and Loan Payments. At the request of the Limited Partner, annually, and more frequently, the General Partner shall provide evidence that all Loan payments and tax payments with respect to the Project are current, and documentation evidencing same. Annually, and more frequently, if requested by the Limited Partner, the General Partner shall provide evidence that all insurance payments with respect to the Project are current, and documentation evidencing same.

xvii. Reserves. Annually, and more frequently, if requested by the Limited Partner, the General Partner shall provide bank statements documenting the then current balances in the Reserves.

xviii. Nonrecourse Liabilities. As soon as possible, notice of any contemplated repayment or guarantee of any nonrecourse obligation of the Partnership or any other conversion of such nonrecourse obligation to a recourse obligation.

xix. Evidence of Cash Flow Mortgage Payments. At the request of the Limited Partner, not later than sixty (60) days after the end of each year, written evidence acceptable to the Limited Partner of full and timely payment of the amounts then due for prior Fiscal Year, under all Project Mortgage debt payable solely from Project Cash Flow.

xx. Information Requested by the Limited Partner. Such other information regarding the state of the business, financial condition and affairs of the Partnership, as the Limited Partner, from time to time, may reasonably request, including, but not limited to, a certification by the General Partner that (A) there is no default under any provision of the Loan or Project Documents or this Agreement, or if there is any default, a description thereof, and (B) there is no building, health or fire code violation or, to the best of its knowledge, similar violation of a governmental law, ordinance or regulation against the Project or, if there is such violation, a description thereof.

xxi. Limited Partner Waiver Right. The Limited Partner reserves the right, in its sole discretion, to waive the obligation of the General Partner and/or Special Limited Partner to deliver certain reports or other information required herein for one or more reporting periods. No single, one-time or partial waiver of any rights under the Agreement shall constitute a waiver of such right with respect to any other reporting requirements or for any other reporting periods other than for the reporting requirement and/or period which is specified on the waiver.

(b) The General Partner and Special Limited Partner shall promptly respond to all reasonable requests for information made by the Limited Partner.

(c) The General Partner shall deliver to the Limited Partner from time to time, and within ten (10) days after request therefor, all such further statements and information as the Limited Partner may request in order to enable the Limited Partner to determine or verify the amounts of all payments that the General Partner shall be required to make to the Partners and the amounts of Credits, and all such statements and information needed by the Limited Partner in connection with reports and forms required to be filed by the Limited Partner pursuant to federal or state securities law. Further, upon the failure of the Project to perform in accordance with the Projections, the frequency of the required reporting under this Section 13.3 may be increased, from time to time, upon written notice from the Limited Partner.

(d) Each party hereby agrees and acknowledges that the Limited Partner may share with any of its Affiliates any information provided to the Limited Partner relating to the Partnership, the Project, the General Partner, the Special Limited Partner or the Guarantor (or any Affiliates thereof). The Limited Partner is also authorized to disclose the terms and nature of its investment to its Affiliates, advisors, auditors, attorneys, accountants and regulators and as required by statute, regulation, accounting guidelines or the order of any court or administrative agency or as otherwise required by law.

13.4 Tax Matters Partner

(a) The Tax Matters Partner shall have and perform all of the duties required under the Code, including the following duties:

i. Furnish the name, address, profits interest, and taxpayer identification number of each Partner to the IRS; and

ii. Within five (5) calendar days after the receipt of any correspondence or communication relating to the Partnership or a Partner from the IRS, the Tax Matters Partner shall forward to each Partner a photocopy of all such correspondence or communication(s). The Tax Matters Partner shall, within five (5) calendar days thereafter, advise each Partner in writing of the substance and form of any conversation or communication held with any representative of the IRS.

(b) The Tax Matters Partner shall not without the Consent of the Limited Partner:

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

ii. Settle any audit with the IRS concerning the adjustment or readjustment of any Partnership tax item(s);

iii. File a request for an administrative adjustment with the IRS at any time or file a petition for judicial review with respect to any such request;

iv. Initiate or settle any judicial review or action concerning the amount or character of any Partnership tax item(s);

v. Intervene in any action brought by any other Partner for judicial review of a final adjustment;

vi. Engage an accounting firm or counsel to represent the Partnership before the IRS; or

vii. Take any other action not expressly permitted by this Section 13.4 on behalf of the Partners or the Partnership in connection with any administrative or judicial tax proceeding.

(c) The Tax Matters Partner shall prepare or cause to be prepared all tax and information returns required of the Partnership or considered necessary by the General Partner (including, but not limited to, federal, state, and local income tax and information returns and any amended returns), which returns shall be reviewed in advance by the Accountants. The Tax Matters Partner shall, after consultation with the Limited Partner, be responsible for making all elections required or allowed under the Code or the Treasury Regulations including, but not limited to, elections pursuant to Sections 42, 47, 168, 709, and 754 of the Code, and all elections required or allowed under State or local law; provided, however, that notwithstanding the foregoing, any elections other than those elections already reflected in the Projections shall require the mutual consent of the General Partner, the Special Limited Partner and the Limited Partner. To the fullest extent permitted under applicable law, no election shall be made which would create a benefit to the General Partner and/or the Special Limited Partner and a detriment to the Limited Partner. The Tax Matters Partner shall not delegate its duties (or any part thereof) without the Consent of the Limited Partner.

(d) In the event of any Partnership-level proceeding instituted by the IRS pursuant to Sections 6221 through 6233 of the Code, the Tax Matters Partner shall consult with the Limited Partner regarding the nature and content of all action and defense to be taken by the Partnership in response to such proceeding and shall, upon request of the Limited Partner, permit the Limited Partner to include its attorney in the power of attorney (Form 2848) for the Partnership for any Fiscal Years under a tax audit or administrative appeals process. The Tax Matters Partner also shall consult with the Limited Partner regarding the nature and content of any proceeding pursuant to Sections 6221 through 6233 of the Code instituted by or on behalf of the Partnership (including the decision to institute proceedings, whether administrative or judicial, and whether in response to a previous IRS proceeding against the Partnership or otherwise).

(e) Notwithstanding anything to the contrary contained herein, the General Partner shall serve as the “partnership representative” under Section 6223 of the Code (as in effect pursuant to the Bipartisan Budget Act of 2015, Pub L. No. 114-74 (the “Bipartisan Budget Act”), and the General Partner shall take any and all action required under the Code or Treasury Regulations, as in effect from time to time, to designate itself the “partnership representative.” To the extent permitted by the Code and Treasury Regulations, the General Partner, in its capacity as “partnership representative” shall be bound by the obligations and restrictions imposed on the Tax Matters Partner pursuant to this Section 13.4(e). The General Partner shall cooperate with the Limited Partner in good faith to amend this Agreement if the Limited Partner determines that an amendment is required to maintain the intent of the parties with respect to the obligations and limitations of the Tax Matters Partner. Upon the Limited Partner’s written request, the Tax Matters Partner shall make the election under Section 6221 of the Code, if available, and the election under Section 6226 of the Code. Neither the Tax Matters Partner nor the “partnership representative” shall have the authority to make elections with respect to the revised partnership audit rules or any Treasury Regulations thereunder, including, without limited to, Section 6221 of the Code, if available, or the election under Section 6226 of the Code, without the prior Consent of the Limited Partner. The rights and obligations of all of the Partners under this Section 13.4(e) shall survive any sale, exchange, liquidation, retirement or other disposition of such Partners’ Interests.

ARTICLE XIV

SALE; RIGHT OF FIRST REFUSAL

14.1 Sale of HACC Interest

(a) Provided that the General Partner is not in default hereunder, after the end of the initial fifteen (15) year Compliance Period, the General Partner shall have the option (the "*HACC Buyout Option*"), exercisable upon at least thirty (30) days and not more than ninety (90) days prior written notice to the Special Limited Partner, to purchase the HACC Interest for a purchase price (the "*HACC Buyout Price*") equal to the Fair Market Value of the HACC Interest, subject to continued use of the Project for low-income housing for the Extended Use Period, as of the date of the closing of the HACC Interest Buyout. The General Partner's notice to the Special Limited Partner (the "*HACC Buyout Notice*") shall include (1) an appraisal of all of the assets of the Partnership subject to the low-income use described above (the "*Appraised Value*") by an independent, MAI appraiser selected by the General Partner, having not less than five (5) years experience in appraising similar properties in the city where the Project is situated (an "*MAI Appraiser*"), and (2) a calculation by the Accountants of (a) the value of the HACC Interest based on the Special Limited Partner's and or Housing Authority GP Member's share of Sales Proceeds, assuming a sale of the Partnership Property at the Appraised Value and (b) the HACC Buyout Price, all calculated as of the closing date proposed by the General Partner in its HACC Buyout Notice. The Special Limited Partner shall have thirty (30) days after receipt of the HACC Buyout Notice in which either to accept the HACC Buyout Price set forth in the HACC Buyout Notice or to notify the General Partner of its desire to appoint a second appraiser to evaluate the HACC Buyout Price. In the event that the Special Limited Partner fails to notify the General Partner within the aforesaid thirty (30) day period that it desires to appoint a second appraiser, it shall be deemed to have accepted the HACC Buyout Price, in which event the HACC Buyout Price shall be the price calculated by the Accountants and set forth in the HACC Buyout Notice, and the General Partner shall purchase the HACC Interest on the date specified in the HACC Buyout Notice.

(b) In the event that the Special Limited Partner notifies the General Partner, as applicable, of its election to appoint a second appraiser, the Special Limited Partner shall appoint an MAI Appraiser within thirty (30) days after notification of the General Partner of such election, and the two appraisers shall together appoint a third MAI Appraiser within fifteen (15) days after the appointment of the second appraiser. The three appraisers so appointed shall each determine the Appraised Value of the assets of the Partnership within thirty (30) days after the appointment of the third appraiser, and the Appraised Value of such assets for the purpose of determining the HACC Buyout Price shall be the average of the three appraisers' determinations; provided, that if one or more of the appraisers' determinations is more than ten percent (10%) higher or lower than the average of the three determinations, the determination(s) of such appraiser(s)

shall be disregarded in determining the Appraised Value of the assets, and provided, further, that if none of the appraisers' determinations differs from the average of the three determinations by ten percent (10%) or less, the Appraised Value shall be the middle of the three determinations. The Accountants shall determine the value of the HACC Interest and the HACC Buyout Price in accordance with Section 14.1(a), within fifteen (15) days after the last of the three appraisers complete their determinations, and the closing of the sale of the HACC Interest to the General Partner shall occur within sixty (60) days thereafter. The entire HACC Buyout Price shall be paid to the Special Limited Partner and/or Housing Authority GP Member at the closing in cash or immediately available funds acceptable to the Special Limited Partner and/or Housing Authority GP Member. The Special Limited Partner shall be responsible for the costs of the second appraiser and one-half (1/2) of the costs of the third appraiser, if any. The Partnership shall pay all attorneys' fees incurred in connection with the closing. All other costs of the HACC Buyout, including the costs of the initial appraiser appointed by the General Partner the Accountants' fees and any filing fees, shall be paid by the General Partner as the case may be.

14.2 Buyout Option

(a) Provided that the General Partner is not in default hereunder, for a period of twelve (12) months following the end of the initial fifteen (15) year Compliance Period, the General Partner shall have the option, exercisable upon at least thirty (30) days and not more than ninety (90) days prior written notice to the Limited Partner, to purchase either (i) the Project (the "***Project Buyout Option***") or (ii) the Limited Partner's entire Interest in the Partnership (the "***Interest Buyout Option***")

(i) The purchase price of the Project (the "***Project Buyout Price***") shall be the greater of (A) the fair market value of the Project, as of the date of the closing of the Buyout at the Appraised Value (as defined below) or (B) all Credit Deficiencies, fees, loans and other amounts owed to the Limited Partner under this Agreement and all taxes (other than federal, state or local income taxes) imposed on the Limited Partner in connection with the sale. The Project Buyout Price may be payable by the General Partner by taking the Project subject to the existing debt (subject to approval of existing Lenders) and if the Project Buyout Price exceeds such debt, or if one or more Lenders did not approve assumption of such debt, then the remaining amount of the Project Buyout Price shall be payable in cash or other immediately available funds.

(ii) The purchase price of the Limited Partner's Interest (the "***Interest Buyout Price***") shall be the greater of (A) the fair market value of the Limited Partner's Interest as of the date of the closing of the Interest Buyout Option, assuming a sale of the Project at the Appraised Value (as defined below) on such date or (B) all Credit Deficiencies, fees, loans, and other amounts owed to the Limited Partner under this Agreement and all taxes (other than federal, state or local income taxes) imposed on the

Limited Partner in connection with the sale. The Interest Buyout Price shall be payable to the Limited Partner at closing in cash or immediately available funds.

(b) The General Partner's notice of exercise of a specified option to the Limited Partner (the "**Buyout Notice**") shall include (1) an appraisal of the Project, subject to all applicable land use restriction agreements to which the Project is subject, including, without limitation, continued low-income occupancy restrictions thereunder (the "**Appraised Value**") by an independent, MAI appraiser selected by the Special Limited General Partner, having not less than five (5) years experience in appraising similar properties in the city where the Project is situated (an "**MAI Appraiser**"), and (2) a calculation by the Accountants of (i) in the case of the Interest Buyout Option, the fair market value of the Limited Partner's Interest, assuming a sale of the Project at the Appraised Value and (ii) the applicable Buyout Price, all calculated as of the closing date proposed by the General Partner in its Buyout Notice.

(c) The Limited Partner shall have thirty (30) days after receipt of the Buyout Notice in which either to accept the applicable Buyout Price set forth in the Buyout Notice or to notify the General Partner of its desire to appoint a second appraiser to evaluate the applicable Buyout Price. In the event that the Limited Partner fails to notify the General Partner within the aforesaid thirty (30) day period that it desires to appoint a second appraiser, it shall be deemed to have accepted such Buyout Price, in which event such Buyout Price shall be the price calculated by the Accountants or the Appraiser, as applicable, and set forth in the Buyout Notice, and the General Partner shall purchase the Interest of the Limited Partner or the Project, as applicable, on the date specified in the Buyout Notice.

(d) In the event that the Limited Partner notifies the General Partner, as applicable, of its election to appoint a second appraiser, the Limited Partner shall appoint an MAI Appraiser within thirty (30) days after notification of the General Partner of such election, and the two appraisers shall together appoint a third MAI Appraiser within fifteen (15) days after the appointment of the second appraiser. The three appraisers so appointed shall each determine the Appraised Value of the Project within thirty (30) days after the appointment of the third appraiser, and the Appraised Value of the Project for the purpose of determining the applicable Buyout Price shall be the average of the three appraisers' determinations; provided, that if one or more of the appraisers' determinations is more than ten percent (10%) higher or lower than the average of the three determinations, the determination(s) of such appraiser(s) shall be disregarded in determining the Appraised Value of the Project, and provided, further, that if none of the appraisers' determinations differs from the average of the three determinations by ten percent (10%) or less, the Appraised Value shall be the middle of the three determinations. The Accountants shall determine the value of the Limited Partner's Interest or its share of the Project (in either case, the "**Buyout Price**") and the applicable Buyout Price in accordance with Section 14.2(a), within fifteen (15) days after the last of the three appraisers complete their determinations, and the closing of the sale of the Limited Partner's Interest to the General Partner shall occur within sixty (60) days thereafter. The Limited Partner shall be responsible for the costs of the second appraiser

and one-half (1/2) of the costs of the third appraiser, if any. The Partnership shall pay all attorneys' fees incurred in connection with the closing. All other costs of the Buyout, including the costs of the appraiser appointed by the General Partner, the Accountants' fees and any filing fees, shall be paid by the General Partner, as the case may be.

(e) The Limited Partner shall have the right, in connection with any sale pursuant to Section 14.2, to require such indemnities, releases and guarantees (including continuation and ratification of the Credit Deficiency guarantees of the General Partner, and Guarantors) as it deems necessary.

14.3 Reserved

14.4 Limited Partner Put

At all times after the end of the Credit Period, the Limited Partner shall have the right to put its entire Interest to the General Partner (or its designee) for a price equal to the sum of One Thousand Dollars (\$1,000.00). Such transfer shall be made pursuant to an assignment and assumption agreement reasonably acceptable to the Limited Partner (which will address such matters as release and indemnity of the Limited Partner from and after the effective date of such assignment and assumption and, if during the Compliance Period, continuation and ratification of the Credit Deficiency guarantees of the General Partner and Guarantors, other than respecting Credit Deficiencies arising from such Limited Partner transfer).

ARTICLE XV

MISCELLANEOUS PROVISIONS

15.1 Amendments to Agreement

This Agreement can only be amended by instrument in writing signed by all Partners hereto, except as otherwise expressly provided in this Agreement.

15.2 Notices

All Notices to be given under this Agreement shall be sent to the Persons shown on Exhibit A-6 at the addresses for such Persons set forth on Exhibit A-6; provided, that any Person may change its Notice address or attention by providing Notice thereof to all other Partners.

15.3 Meetings of the Partnership

Meetings of the Partnership may be called by the General Partner, the Special Limited Partner or by the Limited Partner for any matters upon which the Partners may vote, as set forth in this Agreement. The calling of a meeting shall be made:

(a) By the General Partner, which shall give Notice to the Limited Partner and the Special Limited Partner, which Notice shall include (i) a statement of the purposes of the meeting, and (ii) the date of the meeting which shall be a

date no fewer than fifteen (15) days and no more than thirty (30) days after the date of the Notice;

(b) By the Special Limited Partner, which shall give Notice to the General Partner and the Limited Partner, which Notice shall include a statement of the purposes of the meeting. No more than fifteen (15) days after receipt of such Notice, the General Partner shall provide Notice of the meeting to the Limited Partner in accordance with Section 15.3(a).

(c) By the Limited Partner, which shall give Notice to the General Partner and Special Limited Partner, which Notice shall include a statement of the purposes of the meeting. No more than fifteen (15) days after receipt of such Notice, the General Partner and Special Limited Partner shall provide Notice of the meeting to the Limited Partner in accordance with Section 15.3(a).

15.4 Reserved

15.5 Survival of Representations

All representations, warranties, and indemnifications contained herein shall survive the dissolution and final liquidation of the Partnership.

15.6 Entire Agreement

This Agreement, including without limitation, all Exhibits attached hereto and incorporated herein by this reference, contains the entire understanding between and among the parties and supersedes any prior understandings and agreements between and among them respecting the subject matter of this Agreement.

15.7 Applicable Law

It is the intention of the parties hereto that all questions with respect to the construction, enforcement, and interpretation of this Agreement and the rights and liabilities of the parties hereto shall be determined in accordance with the laws of the State of Oregon, without regard to principles of conflicts of laws.

15.8 Severability

This Agreement is intended to be performed in accordance with, and only to the extent permitted by, all applicable statutes, laws, ordinances, rules, and regulations. If any provision of this Agreement or the application thereof to any Person or circumstance shall, for any reason and to any extent, be invalid or unenforceable, the remainder of this Agreement and the application of such provision to other Persons or circumstances shall not be affected thereby, but rather shall be enforced to the greatest extent permitted by law. In the event that any provision of this Agreement or the application thereof shall be invalid or unenforceable, the Partners agree to negotiate (on a reasonable basis) a substitute valid or enforceable provision providing for substantially the same effect as the invalid or unenforceable provision.

15.9 Binding Effect

When entered into by the parties hereto, this Agreement is binding upon, and inures to the benefit of, the parties hereto and their respective spouses, heirs, executors and administrators, personal and legal representatives, successors and assigns.

15.10 Counterparts

This Agreement and any amendments hereto may be executed in several counterparts, each of which shall be deemed to be an original copy, and all of which together shall constitute one agreement binding on all parties hereto, notwithstanding that all the parties shall not have signed the same counterpart.

15.11 Successor Statutes and Agencies

Any reference contained in this Agreement to specific statutory or regulatory provisions or to specific governmental agencies or entities shall include any successor statute or regulation, or agency or entity, as the case may be.

15.12 No Implied Waiver

No failure on the part of any Partner to exercise, and no delay in exercising, any right under this Agreement shall operate as a waiver thereof; nor shall any single or partial exercise of any right under this Agreement preclude any other or further exercise thereof or the exercise of any other right. No term or provision of this Agreement shall be deemed waived and no breach excused unless such waiver or excuse shall be in writing and signed by the party claimed to have so waived or excused.

15.13 Attorney's Fees

In the event of litigation and/or upon a Final Determination, the prevailing party shall be entitled to receive its reasonable attorney's fees and expenses.

15.14 Waiver of Jury Trial

(a) Each of the parties hereto hereby knowingly, voluntarily and intentionally, after opportunity for consultation with independent counsel, waives its right to trial by jury in any action or proceeding to enforce or defend any rights or obligations (i) under this Agreement, (ii) arising from the financial relationship between the parties existing in connection with this Agreement or any loan document or (iii) arising from any course of dealing, course of conduct, statement (verbal or written) or action of the parties in connection with such financial relationship; (b) no party hereto will seek to consolidate any such action in which a jury trial has been waived with any other action in which a jury trial has not been or cannot be waived; (c) the provisions of this Section have been fully negotiated by the parties hereto, and these provisions shall be subject to no exceptions; (d) no party hereto has in any way agreed with or represented to any other party that the provisions of this Section will not be fully enforced in all instances; and (e) this Section is a material inducement for the Limited Partner to enter into this Agreement.

15.15 Limited Partner Right of First Offer

If a future phase of the Project that will constitute a family affordable housing development eligible for Credits is contemplated by the General Partner or any Affiliate, the General Partner will cause the Limited Partner to be granted a right of first offer to purchase the Credits on any such future phase development. The General Partner shall provide the Limited Partner with written notice of such future phase and the Limited Partner shall have thirty (30) days to submit its offer to the General Partner or its Affiliates, as applicable, in writing. If the Limited Partner's proposal is not accepted, the Limited Partner shall be granted a right of first refusal to purchase the Credits on such future phase on terms and conditions comparable to a written offer to purchase the Credits received by the General Partner or its Affiliate. A copy of any such written offer shall be provided to the Limited Partner by the General Partner promptly upon receipt, and the Limited Partner shall have ten (10) business days to respond. Notwithstanding the foregoing, the Limited Partner shall not be granted a right of first offer to purchase the Credits if an affiliate of the General Partner purchases the Credits in a future phase of the project.

ARTICLE XVI

HUD PROVISIONS

Notwithstanding any clause of provision in this Agreement or the Certificate to the contrary and so long as HUD or a successor or assign of HUD is the insurer or holder of a loan to the Partnership secured by the First Mortgage Loan on the Project the following provisions shall apply:

16.1 Conflicting Terms with Loan Documents

If any of the provisions of the organizational documents conflict with the terms of any HUD Loan Documents, the provisions of the HUD Loan Documents shall control.

16.2 Consent of HUD

No provision required by HUD to be inserted into this the organizational documents may be amended without HUD's prior written approval. Additionally, if there is a conflict between any HUD-required provisions inserted into this Agreement and any other provision of this Agreement, the terms of the HUD-required provisions will govern; and if there is a conflict between any of the provisions in the Certificate and any HUD-required provisions of this Agreement, the HUD-required provisions will govern.

16.3 Amendments that Require HUD Consent

None of the following will have any force or effect without the prior written consent of HUD:

- (a) Any amendment that modifies the term of the Partnership;

(b) Any amendment that triggers application of the HUD previous participation certification requirements (as set forth in Form HUD-2350, Previous Participation Certification, or 24 C.F.R. § 200.210, et seq.);

(c) Any amendment that in any way affects the HUD Loan Documents;

(d) Any amendment that would authorize any member, Partner, owner, officer or director, other than the one previously authorized by HUD, to bind the Partnership for all matters concerning the Project which require HUD's consent or approval;

(e) A change that is subject to the HUD TPA requirements contained in Chapter 13 of HUD Handbook 4350.1 REV-1; or

(f) Any change in a guarantor of any obligation to HUD (including those obligations arising from violations of the HUD Regulatory Agreement).

16.4 [Reserved]

16.5 Authorization

The Partnership is authorized to execute the First Mortgage Loan documents, including but not limited to the HUD Loan Documents, in order to secure a loan to be insured by HUD and other documents required by HUD or the Secretary of HUD (the "Secretary") in connection with the First Mortgage Loan.

16.6 Incoming Partners

Any incoming partner of the Partnership must, as a condition of receiving an interest in the Partnership, agree to be bound by the First Mortgage Loan documents, including but not limited to the HUD Loan Documents, and all other documents required in connection with the First Mortgage Loan to the same extent and on the same terms as the other Partners.

16.7 HUD Restrictions on Dissolution

Upon any dissolution of the Partnership, no title or right to possession and control of the Project, and no right to collect the rents from the Project, shall pass to any person or entity that is not bound by the HUD Regulatory Agreement in a manner satisfactory to HUD.

16.8 Binding on Principals

The key principals of the Partnership identified in the HUD Regulatory Agreement are liable in their individual capacities to HUD to the extent set forth in the HUD Regulatory Agreement.

16.9 Dissolution

The Partnership shall not be voluntarily dissolved or converted to another form of entity without the prior written consent of HUD.

16.10 HUD Representative

The Partnership has designated Phillip J. Stoffregen, executive vice president of the 49.9% member and manager for the General Partner, as its official representative (“HUD Representative”) for all matters concerning the Project which require HUD consent or approval. The signature of the HUD Representative will bind the Partnership in all such matters. The Partnership may from time to time appoint a new representative to perform this function, but within three (3) business days of doing so, will provide HUD with written notification of the name, address and telephone number of the new representative. When a person, other than the person identified above, has full or partial authority with respect to management of the Project, the Partnership will promptly provide HUD with the name of that person and the nature of that person’s management authority.

16.11 Single Asset Entity

Unless otherwise approved in writing by HUD, the Partnership’s business and purpose shall consist solely of the acquisition, ownership, operating and maintenance of the Project and any activities incidental thereto. The Partnership shall not engage in any other business or activity. The Project shall be the sole asset of the Partnership, which shall not own any real estate other than the Project.

16.12 Indemnification and Advancement of Expenses

Notwithstanding any other provision of this Agreement to the contrary, for so long as the Project is subject to the First Mortgage Loan, any obligation of the Partnership to provide indemnification under this Agreement shall be limited to (i) amounts mandated by state law, if any, (ii) coverage afforded under any liability insurance carried by the Partnership and (iii) available “surplus cash” of the Partnership as defined in the HUD Regulatory Agreement. Until funds from a permitted source for payment of indemnification costs are available for payment, the Partnership shall not (a) pay funds to any members, partners, officers and directors, or (b) pay the deductible on an indemnification policy for any members, partners, officers and directors.

16.13 Equity Installments

So long as the Secretary or the Secretary’s successors or assigns is the insurer or holder of a note secured by a mortgage on the Project, any provisions contained herein regarding the payment and amount of equity installments to the Partnership from the Limited Partner may not be amended without the prior written approval of HUD.

[SIGNATURES BEGIN ON THE FOLLOWING PAGE]

PEDCOR INVESTMENTS-2016-CLV, LIMITED PARTNERSHIP

**AMENDED AND RESTATED AGREEMENT
OF LIMITED PARTNERSHIP**

Signature Page

General Partner:

**ROSEWOOD STATION HOUSING
COMPANY, LLC**, an Indiana limited liability
company

By: Pedcor Investments, A Limited Liability
Company, a Wyoming limited liability
company, its manager

By: _____
Name: Thomas G. Crowe
Title: Executive Vice President

STATE OF INDIANA)
) ss.
COUNTY OF HAMILTON)

On this _____ day of January, 2018, before me appeared Thomas G. Crowe, to me personally known, who, being by me duly sworn, did say that he is the Executive Vice President of Pedcor Investments, a Limited Liability Company, the manager of Rosewood Station Housing Company, LLC, a limited liability company of the State of Indiana and that said instrument was signed in behalf of said company, by authority of its Members; and said person acknowledged said instrument to be the free act and deed of said company.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed my official seal in the County and State aforesaid, the day and year first above written.

Notary Public

My term expires:

PEDCOR INVESTMENTS-2016-CLV, LIMITED PARTNERSHIP

**AMENDED AND RESTATED AGREEMENT
OF LIMITED PARTNERSHIP**

Signature Page

Special Limited Partner:

**THE HOUSING AUTHORITY OF
CLACKAMAS COUNTY**, an Oregon public body
corporate and politic

By: _____
Name: _____
Title: _____

STATE OF OREGON)
) SS
COUNTY OF CLACKAMAS)

On January _____, 2018, before me, a notary public, personally appeared _____, Executive Director of Housing Authority of Clackamas County, the special limited partner of Pedcor Investments-2016-CLV, Limited Partnership, an Oregon limited partnership, to me known to be the person who executed the foregoing instrument on behalf of said partnership and acknowledged to me that she executed the same of her own free will for the purposes stated therein.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed my official seal in the County and State aforesaid, the day and year first above written.

Notary Public

My term expires:

PEDCOR INVESTMENTS-2016-CLV, LIMITED PARTNERSHIP
AMENDED AND RESTATED AGREEMENT
OF LIMITED PARTNERSHIP

Signature Page

Limited Partner

**U.S. BANCORP COMMUNITY
DEVELOPMENT CORPORATION, a**
Minnesota corporation

By: _____
Name: Patrick Finerty
Title: Assistant Vice President

STATE OF ILLINOIS)
) ss.
COUNTY OF COOK)

On this _____ day of January, 2018, before me appeared Patrick Finerty, to me personally known, who, being by me duly sworn, did say that he is an Assistant Vice President of U.S. Bancorp Community Development Corporation, a Minnesota corporation, and that said instrument was signed on behalf of said corporation, by authority of its Board of Directors; and said person acknowledged said instrument to be the free act and deed of said corporation.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed my official seal in the City/County and State aforesaid, the day and year first above written.

Notary Public

My term expires:

PEDCOR INVESTMENTS-2016-CLV, LIMITED PARTNERSHIP

**AMENDED AND RESTATED AGREEMENT
OF LIMITED PARTNERSHIP**

Signature Page

Withdrawing Limited Partner

**PEDCOR INVESTMENTS, A LIMITED
LIABILITY COMPANY**, a Wyoming limited
liability company

By: _____
Name: Thomas G. Crowe
Title: Executive Vice President

STATE OF INDIANA)
) ss.
COUNTY OF HAMILTON)

On this _____ day of January, 2018, before me appeared Thomas G. Crowe, to me personally known, who, being by me duly sworn, did say that he is the Executive Vice President of Pedcor Investments, A Limited Liability Company, a limited liability company of the State of Wyoming, and that said instrument was signed in behalf of said company, by authority of its Members; and said person acknowledged said instrument to be the free act and deed of said corporation.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed my official seal in the County and State aforesaid, the day and year first above written.

Notary Public

My term expires:

Exhibit A

**Partners; Percentage Interests;
Capital Contribution**

Partnership:

Employer Identification No. 61-1799176

	<u>Percentage Interests</u>	<u>Capital Contributions*</u>
<u>General Partner:</u>		
Rosewood Station Housing Company, LLC	0.005%	\$50
Employer Identification No. 81-3437162		
<u>Special Limited Partner:</u>		
The Housing Authority of Clackamas County	0.005%	\$50
Employer Identification No. 93-6001542		
<u>Limited Partner:</u>		
U.S. Bancorp Community Development Corporation	99.99%	\$[23,105,000]
Employer Identification No. 41-1917892		
<hr/>		
TOTALS	100%	\$[23,105,100]

*The Capital Contributions of the General Partner, the Special Limited Partner and the Limited Partner will be payable as described on Exhibit A-1. The Limited Partner's Capital Installments, as described on Exhibit A-1, are due on the later of the applicable Capital Installment Due Date or ten (10) business days after the General Partner gives the Capital Installment Notice (Exhibit A-2), accompanied by all documentation required in connection therewith, acceptable to the Limited Partner. In addition, the Limited Partner's Capital Contributions are subject to deferral and reduction as provided in this Agreement.

Exhibit A-1

Capital Installments

<u>General Partner Capital Installment</u>	<u>Amount of Capital Installment</u>	<u>Capital Installment</u>	<u>Due Date</u>
<u>First</u>	\$50	Admission Date	

<u>Special Limited Partner Capital Installment</u>	<u>Amount of Capital Installment</u>	<u>Capital Installment</u>	<u>Due Date</u>
<u>First</u>	\$50	Admission Date	

<u>Limited Partner Capital Installment</u>	<u>Amount of Capital Installment</u>	<u>Capital Installment</u>	<u>Due Date</u>
<u>First Capital Installment</u>	[\$4,641,000]	Payable as to a portion, upon the last to occur of:	

- (a) Admission Date;
- (b) full funding of the General Partner's First Capital Installment and Special Limited Partner's First Capital Installment;
- (c) delivery to the Limited Partner of executed originals of this Agreement, the Development Services Agreement, the Guaranty, the Partnership Management Agreement and the Pledge Agreement;
- (d) closing and funding (or satisfaction of all conditions to funding) of the Bridge Loan, the Bond Loan and the First Mortgage Loan with, in the case of the permanent phase of the First Mortgage Loan, a fixed interest rate, on terms and in amounts acceptable to the Limited Partner, which, together with Capital Installments of the Limited Partner due on or before the Completion Date and the General Partner's and Special Limited Partner's Capital Contribution paid upon the Admission Date is projected in the Projections to be sufficient to finance anticipated Project costs during the Stabilization Period, with the satisfaction of this condition to occur simultaneously with the funding of the equity installment described herein;
- (e) receipt of evidence of Property Tax Exemption and Property Tax Exemption Opinion, each acceptable to the Limited Partner; and
- (g) satisfaction of all requirements on the Limited Partner's closing checklist, other than post-closing matters.

This Capital Installment shall be applied to pay Project costs.

To the extent the entire amount of this Capital Installment is not needed at closing, the balance shall be funded in installments, from time to time, as construction progresses, pursuant to requests for disbursement acceptable to Limited Partner and in accordance with all of the Limited Partner's construction disbursing requirements set forth in Section 5.9 of this Agreement. A condition precedent to the funding of each portion of this Capital Installment is the delivery by the General Partner and the Special Limited Partner of an updated Capital Installment Notice (Exhibit A-2) acceptable to the Limited Partner.

Second Capital Installment **[\$16,263,532]**

Payable on the latest of:

(a) achievement of the Completion Date (including, without limitation, issuance of permanent certificates of occupancy for all Units in the Project (or, if not available, a written statement from the City of Happy Valley certifying that construction of the Project is complete) and an AIA G704 certification of completion, duly executed by the Project Architect, to include remaining punch list items and target completion of each building and all units in the Project);

(b) receipt by Limited Partner of copies of all insurance policies (including title insurance) on the Project in the (or certificates therefor) form required by this Agreement;

(c) endorsement to the Title Policy (or if not available in the State, a current title report), with an effective date on or after the Completion Date which does not reflect any mechanic's or materialmen's liens (other than liens which are insured over pursuant to affirmative insurance acceptable to the Limited Partner) or additional encumbrances to the title which are unacceptable to the Limited Partner and a 3.1 zoning endorsement and survey endorsement;

(d) receipt by the Limited Partner of either (i) a certification or other evidence acceptable to the Limited Partner from the surveyor or Project engineer that the foundation has been placed in the location and at the correct elevations as were authorized in the site plan or (ii) an ALTA foundation survey of the Project and, in all cases, an ALTA "as built" survey of the Project and survey coverage pursuant to the Title Policy, all in form and substance acceptable to the Limited Partner;

(e) receipt by Limited Partner of evidence that all Partnership Reserve accounts required in Exhibit A-7 have been established and fully funded by all amounts then required;

(f) at the option of the Limited Partner, receipt of an estoppel certificate from each Lender, confirming that there are no defaults thereunder, the dollar amount of any Reserves held by such Lender and such other matters respecting the Loan as the Limited Partner may reasonably require;

(g) receipt of evidence acceptable to the Limited Partner and confirmed by the Accountants that more than 50% of the aggregate basis of the Project buildings and land has been financed by the proceeds of bonds, the interest on which is exempt from federal income taxation under Section 103 of the Code and which are taken into account under the State volume cap pursuant to Section 146 of the Code;

(h) receipt of the fully executed HAP Contract, acceptable to the Limited Partner;

(i) receipt of an updated Capital Installment Notice (Exhibit A-2), pursuant to Section 3.2(c), acceptable to the Limited Partner.

This Capital Installment shall be applied to pay down the Bridge Loan.

Third Capital Installment* **[\$2,120,468]** Payable upon the latest of:

(a) Conversion of the First Mortgage Loan (including, without limitation, issuance of the Project Loan Certificate, as defined in the Bond Loan documents, and receipt of HUD Final Endorsement for the FHA Loan) under terms and conditions reasonably acceptable to the Limited Partner, and evidence of repayment in full, and release of all collateral security for the Bridge Loan, together with receipt by the Limited Partner of fully executed loan documents in connection therewith;

(b) completion of the Lease-up Period at aggregate Projected Rents;

(c) receipt by the Limited Partner of all initial tenant leases, income certifications and the remainder of the documents constituting the initial file of all Credit Units;

(d) receipt and approval by the Limited Partner (and by the Project's lenders if required by them) of Cost Certification and certification of eligible basis for the Credits prepared by DOZ;

(e) receipt by the Limited Partner of the Partnership's projection of the Credits at Completion prepared pursuant to Section 3.3(a) and Credits for 2019;

(f) achievement of the Required Debt Service Coverage of 115% over a three (3) consecutive month reporting period, or averaged over a twelve (12) month reporting period and with expenses, on an accrual basis, calculated based on the greater of actual expenses or projected expenses as set forth in the Projections, and as approved by the Limited Partner;

(g) receipt by Limited Partner of evidence that all Partnership Reserve accounts required in Exhibit A-7 have been established and fully funded by all amounts then required;

(h) receipt by the Limited Partner of evidence that the Extended Use Agreement for the Project has been recorded in the land records of the city/county in which the Project is located;

(i) delivery of the Partnership's tax returns (including K-1s) and the Partnership's audited financial statements for 2019;

(j) at the Limited Partner's option, receipt of an estoppel certificate from each Lender, confirming that there are no defaults thereunder, the dollar amount of any Reserves held by such Lender and such other matters respecting the Loan as the Limited Partner may reasonably require;

(k) verification of the amount of Property Tax Exemption, unless previously provided;

(l) receipt of an updated Capital Installment Notice (Exhibit A-2), pursuant to Section 3.2(c), acceptable to the Limited Partner.

This Capital Installment shall be applied to pay the following Project costs:

Fund Operating Reserve: Up to **[\$637,565]**, but only to the extent not funded from other Project sources, then;

The balance, as the case may be, to pay other Project costs.

Fourth Capital Installment* **[\$100,000]** Payable upon the latest of:

(a) receipt and approval by Limited Partner of IRS Form 8609;

(b) at the Limited Partner's option, receipt of an estoppel certificate from each Lender, confirming that there are no defaults thereunder, the dollar amount of any Reserves held by such Lender and such other matters respecting the Loan as the Limited Partner may reasonably require;

(c) achievement of the Required Debt Service Coverage of 115% over a twelve (12) month reporting period;

(d) receipt of an updated Capital Installment Notice (Exhibit A-2), pursuant to Section 3.2(c), acceptable to the Limited Partner.

This Capital Installment shall be applied to pay remaining Project costs.

Further, all of the above Capital Installments of the Limited Partner will not be payable in any event, until the General Partner and Special Limited Partner Capital Contribution has been paid in full. Each Capital Installment hereunder shall not be payable until all conditions to payment of all prior Capital Installments have been satisfied, unless waived in writing by the Limited Partner.

*Disbursement Pending Stabilization.

Notwithstanding anything to the contrary in the Third and/or Fourth Capital Installment conditions set forth herein, if all conditions to the payment of the Third Installment and/or the Fourth Installment other than item (f) of the Third Capital Installment have been satisfied, including achievement of Qualified Occupancy, and thirty-six (36) months have elapsed since the date upon which the Project was projected to achieve the end of the Stabilization Period, then the Limited Partner shall disburse the proceeds of the Third Installment and/or the Fourth Installment and subject to the following terms and conditions:

(i) The Operating Reserve is then fully funded (which may occur simultaneous with the funding of the Third and/or Fourth Capital Installment hereunder) and neither of the General Partner nor Special Limited Partner are then in default under the Partnership Agreement; and

(ii) Such proceeds shall first be used to pay down the Bridge Loan and the remainder shall be deposited into the Contingent Debt Service Reserve described in Exhibit A-7 of the Agreement up to the Target Amount reasonably determined by the Limited Partner at the time of such request (which may include funds that would otherwise have been used to pay Development Fee, so long as updated Projections reflect that Development Fee is still projected to be paid off by Year 14).

Notwithstanding the foregoing, that the General Partner may request disbursement earlier than thirty-six (36) months for funding pursuant to the above so long as all conditions to the Third and Fourth Installments other than item (g) of the Third Capital Installment have been satisfied.

The General Partner shall use its best efforts to provide to the Limited Partner: (i) estoppel certificates, as applicable, no later than five (5) business days prior to funding of the applicable Installment and (ii) any endorsement to the Owner's Title Policy required with respect to the Second Installment, as applicable, no later than five (5) business days prior to funding of such Installment.

Exhibit A-2
Capital Installment Notice

PEDCOR INVESTMENTS-2016-CLV, LIMITED PARTNERSHIP

U.S. Bancorp Community Development Corporation
USB Project No: 24879
1307 Washington Avenue, Suite 300
Mail Code: SL MO RMCD
St. Louis, MO 63103
Attn.: Asset Manager

The General Partner hereby certifies that the following representations and warranties remain true, correct, and not misleading on and as of the due date for the [_____] Capital Installment of the Limited Partner's Capital Contribution pursuant to Section 3.2(c) of the Agreement and Exhibit A-1.

(i) *No Defaults; Documents in Force; No Jeopardizing Events.* No default (or event that, with the giving of notice or the passage of time or both, would constitute a default) has occurred and is continuing under any Project Document, or the Agreement; the Project Documents, and the Agreement are in full force and effect; and no event has occurred and is continuing that materially jeopardizes or is likely to materially jeopardize the ability of the Partnership to continue to operate the Project as housing eligible for the Credit, or that could jeopardize the performance by the General Partner of its obligations under the Agreement or the performance by the Guarantor under the Guaranty.

(ii) *No Liens.* The Partnership owns the Project, and each of the Units free and clear of any liens (including mechanics' liens), charges, or encumbrances other than matters set forth in the Title Policy and the Extended Use Agreement, and any that with the reasonable Consent of the Limited Partner are affirmatively insured over.

(iii) *No Bankruptcies.* No Event of Bankruptcy has occurred and is continuing, and no event has occurred that, with the passage of time, could become an Event of Bankruptcy, with respect to the General Partner, and any Guarantor.

(iv) *No Breach.* The General Partner is not in breach in any material respect of any provision of the Agreement to be observed or performed by it including, but not limited to, all representations, warranties, and covenants given by the General Partner, pursuant to this Agreement and all representations and warranties herein remain true and correct in all material respects.

(v) *REAC Scores and Notices of Non-Compliance.* The Project has not failed, if applicable, any REAC inspections nor has it received any IRS Form 8823 in which the HCA has not certified that the noncompliance has been corrected.

(vi) *Advances Paid.* All Credit Adjuster Advances, Development Advances, Development Fee Advances, Contractor Fee Advances, Operating Reserve deposits, Replacement Reserve deposits, Operating Deficit Advances and any other deposits,

advances, or contributions required to be made by the General Partner or its Affiliates pursuant to the Agreement (and any exhibits attached hereto) have been made.

(vii) *Environmental.* To the best knowledge of the General Partner after due inquiry, the Project contains no, and is not adversely affected by the presence of, any Environmental Hazard, and no violation of any Environmental Law has occurred or is continuing. The General Partner has not received any notice from any source whatsoever of the existence of any Environmental Hazard or of a violation of any Environmental Law. If any Environmental Hazard (including lead-based paint and asbestos) was found to exist or be present, it has been either removed from the Project and disposed of or encapsulated and/or otherwise corrected, contained and made safe and inaccessible, all in strict accordance with federal, state, and local statutes, laws, rules and regulations, any recommendations set forth in the Environmental Reports, and any requirements in the Loan Documents.

(viii) *Document Compliance.* True, correct and complete copies of all documents required by Section 13.3 of the Agreement and by Exhibit A-1 to be provided to the Limited Partner as of such date have been delivered to the Limited Partner.

(ix) *No Audit.* There is no Notice from, or ongoing audit by, the IRS in which the IRS is asserting, by means of a notice, thirty day letter, or otherwise, that the Credit available to the Partnership for any Fiscal Year is less than the amount of Credit claimed by the Partnership for that year or that all or any portion of the Credit claimed with respect to any prior Fiscal Year(s) must be recaptured pursuant to Section 42(j) or other relevant sections of the Code, or is unavailable to the Partnership.

(x) *Conformity with Laws.* The Project conforms in all material respects with applicable law.

(xi) *Prevailing Wage and Other Development Requirements.* The Project has been, or will be, as applicable, constructed or rehabilitated in full compliance with all applicable prevailing wage requirements under applicable law, as well as Davis Bacon and Section 3 requirements, if applicable.

(xii) *Fees Payable.* The General Partner hereby confirms that all outstanding fees payable to third parties and/or Affiliates in connection with the Project have been paid as of the date hereof.

(xiii) *Prior Qualification.* The Partnership qualified for, and subject to adjustment as provided in the Agreement, has received all prior Capital Installments.

(xiv) *All Prerequisites Satisfied.* The preconditions to payment of the applicable Capital Installment, pursuant to Exhibit A-1 to the Agreement, have occurred and all construction draw request documents required pursuant to Section 3.2 of the Partnership Agreement have been provided and are reasonably acceptable to the Limited Partner.

(xv) *Insurance.* The insurance on the Project meets all requirements of the Limited Partner in the Agreement, and is in full force and effect.

(xvi) *Credit Deficiencies and Lease-up.* Respecting all Capital Installments payable after the occurrence of the Completion Date, there are no existing Credit Deficiencies (and no Credit Deficiencies are anticipated), and there has been no change in the Lease-up Period as set forth in the Projections, other than any matters disclosed to the Limited Partner in writing prior to the date hereof.

(xvii) *Occupancy.* Respecting all Capital Installments payable after the occurrence of Completion Date and achievement of the Lease-up Period, each Credit Unit that is included in the computation of the eligible basis of the Project in the Projections and for which a certificate of occupancy has been obtained is either (A) occupied by Qualifying Tenants or (B) held available for occupancy by Qualifying Tenants after having been rented to Qualifying Tenants, at the time of payment of each Capital Installment, and the operation of the Project and each Credit Unit in all respects complies with the provisions of Section 42 of the Code and applicable law, other than any matters which have been disclosed to the Limited Partner in writing prior to the date hereof.

(xviii) *Repurchase Conditions.* The undersigned confirms that through the date below there has been no occurrence described in Section 5.14(a) of the Agreement.

(xix) *Guaranty.* The undersigned confirms that to its knowledge, there are no setoffs or defenses to the Guaranty and that the Guaranty is in full force and effect as of the date hereof without any defaults by the Guarantors thereunder.

(xx) *Representations and Warranties.* All representations and warranties set forth in Section 5.6 of the Agreement remain true and correct as of the date hereof, except as follows: **[insert any updates to representations and warranties, if applicable]**.

(xxi) *Definitions.* All terms not otherwise defined herein shall have the meanings therefore set forth in the Amended and Restated Agreement of Limited Partnership of Pedcor Investments-2016-CLV, Limited Partnership, dated as of January [___], 2018, as amended (the “*Agreement*”).

IN WITNESS WHEREOF, the undersigned has executed this Capital Installment Notice as of the date first above written.

General Partner:

**ROSEWOOD STATION HOUSING
COMPANY, LLC**, an Indiana limited liability
company

By: Pedcor Investments, A Limited Liability
Company, a Wyoming limited liability
company, its manager

By: _____
Name: Thomas G. Crowe
Title: Executive Vice President

The undersigned Corporate Guarantors are executing this Capital Installment Notice to confirm that, to its knowledge all of the representations and warranties of the General Partner above are true, correct and complete, to confirm that the undersigned has no setoffs or defenses to its Guaranty as of the date hereof and to ratify, confirm and agree to all of the terms and provisions of its Guaranty and acknowledges and agrees that the Limited Partner is relying on these representations, confirmations, ratifications and agreements in proceeding to fund its applicable Capital Installment.

IN WITNESS WHEREOF, the undersigned has executed this Capital Installment Notice as of this _____ day of _____, _____.

CORPORATE GUARANTORS:

ROSEWOOD STATION HOUSING COMPANY, LLC, an Indiana limited liability company

By: Pedcor Investments, A Limited Liability Company, a Wyoming limited liability company, its manager

By: _____
Name: Thomas G. Crowe
Title: Executive Vice President

PEDCOR DEVELOPMENT ASSOCIATES, LLC, an Indiana limited liability company

By: _____
Name: Bruce A. Cordingley
Title: Sole Member

PEDCOR INVESTMENTS, A LIMITED LIABILITY COMPANY, a Wyoming limited liability company

By: _____
Thomas G. Crowe
Executive Vice President

INDIVIDUAL GUARANTORS:

Bruce A. Cordingley

Gerald K. Pedigo, by Bruce A. Cordingley, his
attorney in fact

Phillip J. Stoffregen

Exhibit A-3

Fixed Dollar Amounts

Reference Term	Section Reference	Amount
Annual Credit Allocation to the Partnership	5.6(w)	[\$2,404,814] of Federal Low Income Credits
Projected Credit Amount to the Limited Partner	3.3(a)	[\$24,045,735]
		Annual Federal Low-Income Credit
2019		[\$503,788]
2020		[\$1,785,471]
2021		[\$2,404,574]
2022		[\$2,404,574]
2023		[\$2,404,574]
2024		[\$2,404,574]
2025		[\$2,404,574]
2026		[\$2,404,574]
2027		[\$2,404,574]
2028		[\$2,404,574]
2029		[\$1,900,785]
2030		[\$619,102]
Price per Projected Credit		[\$0.9609] per \$1.00 of Federal Low Income Credits
Title Policy Amount	2.1	[\$65,472,464]
Rehab/NC Basis Amount	5.6(w)	[\$74,916,313]
Applicable Percentage	5.6(y)	The applicable 4% credit rate then in-effect for each building in the Project as of its placed-in-service date.
Operating Reserve Amount	5.10	[\$637,565]
Capital Percentages	8.2(d)	89.995% to the General Partner,

		0.005% for the Special Limited Partner, and 10% for the Limited Partner.
Percentage Interest	Exhibit A	0.005% for General Partner, 0.005% for the Special Limited Partner, and 99.99% for Limited Partner
Cash Flow Percentages	Exhibit A-5	0.005% for General Partner, 0.005% for the Special Limited Partner, and 99.99% for Limited Partner

Exhibit A-4

Loans to the Project

Mortgage Priority	Lender	Loan Amount	Loan Term	Interest Rate + Fixed (F) or Variable (V)	Hard (H) or Cash Flow (CF)	Recourse (R) or Non-Recourse (NR)
Bridge Loan	Huntington National Bank	[\$16,177,837]	[32 months]	[LIBOR + ____% (V)]	H	R-construction only
Back to Back Tax- Exempt Bond Loan/ FHA First Mortgage Loan (" First Mortgage Loan ")	Housing Authority— Bond Issuer, United Fidelity Bank fsb—Bond Purchaser P/R Mortgage & Investment Corp, FHA Lender	[\$29,579,128]	[40 years]	[2.75%](F)	H/CF*	NR
Disposition Loan (Second Priority) (" Disposition Loan ")	Housing Authority	[\$1,605,000]	[55 years]	[3.0%] (F)	Deferred	R
HOME Loan (Third Priority) (" HOME Loan ")	Housing Authority	[\$1,050,000]	[55 years]	[0%] (F)	Deferred	R
CDBG Loan (Fourth Priority) (" HOME Loan ")	Housing Authority	[\$345,000]	[55 years]	[0%] (F)	Deferred	R
METRO Loan (Fifth Priority) (" METRO Loan ")	Affordable Housing Partners, Inc. (From proceeds of Oregon Metro Transit Oriented Development Program)	[\$500,000]	[55 years]	[1.0%] (F)	Deferred	NR
TOTAL PERMANENT LOANS		[\$33,079,128]				

*First Mortgage secures P/R Mortgage
FHA Loan, Bonds are backed by GNMA
securities (no mortgage)

Exhibit A-5

Cash Flow Payment Priorities

Subject to the provisions of Section 8.1, payment of fees and other expenses contingent on Cash Flow and distributions to Partners from Cash Flow shall be made in the following order of priority:

First, to the extent gross revenues are insufficient following payment of required Project debt service, to the Management Agent, to pay a supplemental 1.5% management fee pursuant to the management agreement;

Second, to pay the Asset Management Fee, including any previously accrued and unpaid amounts.

Third, to fund the Target Amount Shortfall to the Contingent Debt Service Reserve as required pursuant to Exhibit A-7.

Fourth, to pay any outstanding and unpaid Credit Deficiencies and Tax Equivalency Payments then due including, without limitation, amounts owed due to a Change in Law, together with interest thereon, if any.

Fifth, to pay any Default Cash Flow Priority (pursuant to Section 5.16(b)) then due, if any.

Sixth, fund or replenish the amounts payable to the Partnership Replacement and Operating Reserves pursuant to Exhibit A-7, if applicable.

Seventh, to the Limited Partner to repay any loans or other advances made by the Limited Partner.

Eighth, to the Special Limited Partner, to pay the SLP Administrative Management Fee in an amount of up to \$5,000, including any previously accrued and unpaid amounts.

Ninth, to pay Development Fee.

Tenth, to the General Partner to repay any Development Advance, Operating Deficit Advance, Credit Adjuster Advance, Development Fee Advance or Contractor Fee Advance then payable or any other loans made by the General Partner hereunder, or a Guarantor under the Guaranty;

Eleventh, of the remaining Cash Flow,

(1) 36.90% of such amount shall be paid to the General Partner as payment of a portion of the Partnership Management Fee, pursuant to the Partnership Management Agreement, and

(2) 4.10% of such amount shall be distributed to the Limited Partner.

Twelfth, to pay Additional Interest on the Bond Loan until paid in full on a semi-annual basis**, and then, to pay applicable interest and principal on the Housing Authority Loan, until paid in full;

Thirteenth, 90% of the remaining Cash Flow, if any, shall be paid to the General Partner as payment of a portion of the Partnership Management Fee, pursuant to the Partnership Management Agreement; and

Fourteenth, the balance to the General Partner, Special Limited Partner and the Limited Partner in accordance with their Percentage Interests.

To the extent that insufficient Cash Flow is available to pay any of the amounts set forth in Sections First through Tenth and Twelfth when due, such amount shall accrue and be payable in the future when there is available Cash Flow, after prior payment of all higher priority payments from Cash Flow, as set forth above.

Pursuant to Section 5.19 of the Partnership Agreement, each of Partners agree not to amend or modify this Exhibit A-5 or cause this Exhibit to be amended without the prior written consent of the Bond Purchaser.

**Each semi-annual payment shall be based upon a calculation of Surplus Cash (as defined in the HUD Regulatory Agreement) as of the last day of the Fiscal Year for each February 1 semi-annual payment and of the last day of the sixth month of the Fiscal year for each August 1 semi-annual payment. Copies of the calculations of Surplus Cash and financial statements required to be provided to HUD pursuant to Section 13 of the HUD Regulatory Agreement shall be provided concurrently to the Limited Partner. The Limited Partner shall also be provided with copies of the audited annual financial statements of the Partnership within 15 days of receipt by General Partner. Any semi-annual payments of Surplus Cash which are determined to have not been permitted under the terms of this Agreement or the HUD Regulatory Agreement shall be immediately returned to the appropriate Partnership accounts.

Exhibit A-6

Notice Addresses

General Partner

Limited Partner

General Partner:

Rosewood Station Housing Company, LLC
One Pedcor Square
770 3rd Avenue S.W.
Carmel, IN 46032
Attn: Thomas G. Crowe
PH:(317)587-0341
PH: (317)587-0340

With copies to:

Jeremey Buchanan/Legal Counsel
Pedcor Investments, A Limited Liability Company
770 3rd Avenue S.W.
Carmel, IN 46032
PH:(317)705-7932

Special Limited Partner:

Housing Authority of Clackamas County
13930 Gain St.
Oregon City, OR 97045

With copies to:

Robert J. Sullivan, PC
121 SW Salmon Street
Suite 1100
Portland, OR
97204

Limited Partner:

U.S. Bancorp Community Development Corporation
1307 Washington Avenue, Suite 300
Mail Code: SL MO RMCD
St. Louis, MO 63103
USB Project No: 24879
Attn.: Director of LIHTC Project Management
Phone: (314) 335-2600
Fax: (314) 335-2601

With copies to:

Investor Member's Asset Manager:

U.S. Bancorp Community Development Corporation
1307 Washington Avenue, Suite 300
Mail Code: SL MO RMCD
St. Louis, MO 63103
USB Project No: 24879
Attn.: Director of LIHTC Asset Management
Phone: (314) 335-2600
Fax: (314) 335-2601

Investor Member's Project Manager

U.S. Bancorp Community Development Corporation
1307 Washington Avenue, Suite 300
Mail Code: SL MO RMCD
St. Louis, MO 63103
USB Project No: 24879
Attn.: Director of LIHTC Project Management
Phone: (314) 335-2600
Fax: (314) 335-2601

and

Jill H. Goldstein, Esq.
Kutak Rock LLP
1650 Farnam Street
Omaha, NE 68102
Phone: (402) 346-6000

Exhibit A-7

Partnership Reserves

The General Partner shall establish the following reserves in the name of the Partnership:

(xxii) *Operating Reserve.* An Operating Reserve of at least **[\$637,565]**, to be funded on the date of payment of the Third Capital Installment into a segregated, interest bearing Partnership Reserve Account at U.S. Bank National Association. In addition, the Partnership shall fund the Operating Reserve from Cash Flow in order to maintain, to the extent possible, a balance at all times in the Operating Reserve of at least **[\$637,565]**, having that payment priority set forth in Exhibit A-5. Funds in the Operating Reserve shall be used to pay Operating Deficits in accordance with the Partnership Agreement. The Operating Reserve account instructions shall provide that no withdrawal may be made from the account without the Consent of the Limited Partner permitting such withdrawal. Interest earned on the Operating Reserve shall be added to the Operating Reserve. The Operating Reserve amount set forth herein shall not be reduced by Operating Reserve requirements of Lender, if any. No withdrawals may be made from such Operating Reserve without the prior Consent of the Limited Partner which Consent shall not be unreasonably withheld or delayed. If the Limited Partner does not deliver notice of its approval of any withdrawal from the Operating Reserve within seven (7) business days of a request from the General Partner, the General Partner shall send a second notice which shall state that failure to respond within three (3) business days shall constitute approval of such withdrawal. If the Limited Partner fails to respond to such second notice, such withdrawal will be deemed approved.

(xxiii) *Replacement Reserve.* A Replacement Reserve to be funded in the amount of \$310 per unit per year, payable monthly, in equal monthly installments, beginning on the commencement date required by the lender of the First Mortgage Loan (the "**Replacement Reserve Commencement Date**"), and shall increase by ten percent (10%) on each fifth (5th) anniversary of the Replacement Reserve Commencement Date, or such greater increase as may be required by any lender. The Partnership shall utilize amounts in the Replacement Reserve to fund repairs, capital expenditures and other costs approved by the Limited Partner in an Annual Operating Budget, or otherwise approved by the Limited Partner in writing. Notwithstanding the foregoing, in the event HUD approved the use of Replacement Reserve funds to be used for certain repairs and/or capital expenditures, such funds shall be utilized with or without the approval of the Limited Partner; provided, however, if the Limited Partner's approval is not obtained, the Limited Partner will receive notice of the amount and use of such expenditure, together with evidence of HUD's request for the use of such Replacement Reserves, within thirty (30) days following the expenditure. The Replacement Reserve shall be deposited in a segregated interest-bearing account with U.S. Bank National Association, subject to the last sentence of this paragraph. The Replacement Reserve account instructions shall provide that no withdrawal may be made from the account without the Consent of the Limited Partner, unless approved by HUD, which Consent shall not be unreasonably withheld or delayed. If the Limited Partner does not deliver notice of its approval of any withdrawal from the Replacement Reserve within seven (7) days of a request from the

General Partner, the General Partner shall send a second notice which shall state that failure to respond within three (3) business days shall constitute approval of such withdrawal. If the Limited Partner fails to respond to such second notice, such withdrawal will be deemed approved. Interest earned on the Replacement Reserve shall be added to the Replacement Reserve. Following the six (6) month anniversary of the Replacement Reserve Commencement Date, whenever and as often as the Replacement Reserve does not contain an amount equal to at least six (6) monthly installments of the annual Replacement Reserve then payable (the “**Minimum Replacement Reserve Balance**”), then and in that event, in addition to the monthly installments payable as set forth above, additional amounts shall be funded into the Replacement Reserve from Cash Flow having that payment priority set forth on Exhibit A-5 until such time as the Replacement Reserve contains an amount equal to the Minimum Replacement Balance. Notwithstanding anything to the contrary set forth above, so long as a Replacement Reserve is required under the terms of, and held by the lender of, the First Mortgage Loan or any replacement mortgage loan made to the Partnership with the Consent of the Limited Partner, the above requirements shall be reduced, dollar for dollar, by payments made into the Replacement Reserve held under the First Mortgage Loan or any replacement mortgage loan made to the Partnership with the Consent of the Limited Partner, and if, at any time, such Reserve is not required under the terms of the First Mortgage Loan or any replacement mortgage loan made to the Partnership with the Consent of the Limited Partner, all amounts then held in such Reserve shall form part of the Partnership Replacement Reserve, and provided that no withdrawals may be made from such Replacement Reserve without the prior Consent of the Limited Partner.

(xxiv) *Contingent Debt Service Reserve.* The General Partner shall cause a Contingent Debt Service Reserve to be funded (a) to the extent required pursuant to Exhibit A-1 of the Agreement, (b) in any year the Project has not achieved a 1.15 Debt Service Coverage Ratio, or (c) at such time as the Target Amount is reset pursuant to the terms of this paragraph, which shall be a segregated, interest bearing Partnership Reserve Account at U.S. Bank National Association. The Contingent Debt Service Reserve shall be funded in an amount equal to the difference between (1) the net operating income sufficient to maintain a projected Debt Service Coverage Ratio of not less than 1.15 for each year in the remainder of the Compliance Period and (2) the Project’s projected net operating income for each year in the remainder of the Compliance Period, as reasonably determined by the Limited Partner and based on the greater of actual or projected operating expenses, using 2%, 3%, and 7% trending for income, operating expense, and vacancy respectively, unless the Limited Partner reasonably determines that the actual performance of the Project necessitates using more restrictive assumptions (the “**Target Amount**”). The Target Amount shall be reset annually following receipt of the Partnership audit for the prior calendar year, with such reset amount to be reasonably determined by the Limited Partner and based on the greater of actual or projected expenses. In the event the Target Amount is less than the amount then on deposit in the Contingent Debt Service Reserve, the difference (the “**Target Amount Excess**”) shall be released from the Contingent Debt Service Reserve and applied as Cash Flow in accordance with Exhibit A-5. In the event the Target Amount is greater than the amount then on deposit in the Contingent Debt Service Reserve, the shortfall (the “**Target**

Amount Shortfall”) shall be funded from 100% of Cash Flow in the priority set forth in Exhibit A-5 until the Target Amount Shortfall has been fully funded.

Notwithstanding the foregoing, the Contingent Debt Service Reserve shall be funded as set forth in Exhibit A-1 hereof to the extent required to be funded pursuant to subsection (a) of this paragraph, and not from Cash Flow.

In all events, if the Project achieves at least a 1.15 Debt Service Coverage Ratio for two consecutive calendar years, the amount then on deposit in the Contingent Debt Service Reserve shall be released and applied as Cash Flow in accordance with Exhibit A-5, and any further funding obligations with respect thereto shall terminate.

(xxv) *Investment of Reserve Accounts.* Investment of funds held in Partnership Reserves shall be limited to (a) accounts or instruments of U.S. Bank National Association where the instrument’s or account’s maturity does not exceed the lesser of one year or the time period within which the funds are anticipated to be needed by the Partnership; or (b) direct obligations of the U.S. Government (such as U.S. Treasury Bills) where the instrument’s maturity does not exceed the lesser of one year or the time period within which the funds are anticipated to be needed by the Partnership or other investments approved by the Limited Partner in writing.

(xxvi) *Reserve Account Balances.* Quarterly, and more frequently, if requested by the Limited Partner, from time to time, the General Partner shall provide bank statements documenting the then current balances in the Reserves.

(xxvii) *Unauthorized Withdrawal.* If the General Partner or Special Limited Partner make any unauthorized withdrawal from a Reserve at any time, the General Partner or Special Limited Partner’s right, as applicable, to access the Reserves will immediately terminate, and upon written notice from the Limited Partner, the applicable depository bank will be authorized to honor the Limited Partner’s instructions notices and directions with respect to the transfer or withdrawal of funds from such Reserves, including paying of transferring the funds to the Partnership or any other person or entity.

(xxviii) *Release of Reserves.* During the final 18 months of the Compliance Period, provided that the Required Debt Service Coverage is then met and the General Partner is not then in default under this Agreement and subject to applicable requirements of any Lender or the HCA, the General Partner may use up to fifty percent (50%) of the remaining Reserves (with the exception of the Contingent Debt Service Reserve) as reasonably determined by the General Partner for Project capital repairs or improvements. The General Partner shall provide at least fifteen (15) days written notice to the Limited Partner before withdrawing any such Reserve funds hereunder, specifying the amount and use of such funds, with a supporting capital needs assessment prepared by an entity acceptable to the Limited Partner, and including a proposed budget. Any undisbursed funds in the Reserves shall remain with the Project following the end of the Compliance Period.

Exhibit B
LEGAL DESCRIPTION

Exhibit C

DEVELOPMENT SERVICES AGREEMENT

THIS DEVELOPMENT SERVICES AGREEMENT (this “*Agreement*”), dated and effective as of the [___] day of January, 2018, is made by and between Pedcor Investments-2016-CLV, Limited Partnership, a limited partnership formed under the laws of the State of Oregon (the “*Partnership*”) and Pedcor Development Associates, LLC, an Indiana limited liability company formed under the laws of the State of Indiana (the “*Developer*”).

Recitals

The Partnership was formed for the purpose of acquiring, owning, developing, constructing and/or rehabilitating, leasing, managing, operating, and, if appropriate or desirable, selling or otherwise disposing of a two hundred and twelve (212) unit residential project in six (6) residential buildings located on one site in Happy Valley, Oregon (the “*Project*”). The Partnership is operating pursuant to an Amended and Restated Agreement of Limited Partnership, dated as of even date herewith (the “*Partnership Agreement*”).

The Developer has provided and the Partnership desires that the Developer continue to provide services with respect to the development of the Project. This Agreement amends, restates and supersedes in their entirety all prior agreements between the parties respecting these services.

Accordingly, for good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties agree as follows:

1. **Appointment and Term.** The Partnership hereby ratifies, confirms and appoints the Developer to render services in overseeing the development of the Project for the Partnership as herein contemplated and the Developer hereby accepts such appointment.
2. **Authority and Obligations.** Subject to the provisions of the Partnership Agreement, the Developer shall have the authority and obligation to:
 - (a) Prepare or cause to be prepared such engineering surveys, and Plans and Specifications as may be required in connection with the construction of the Project.
 - (b) Prepare and submit to the Partnership for approval a construction budget and make recommendations to the Partnership regarding any necessary modifications thereto.
 - (c) Make available to the Partnership upon request copies of all development contracts, financing commitments, surveys, budgets, Plans and Specifications and other development items prepared or obtained.
 - (d) Obtain a construction contract and construction management agreement (collectively, the “Construction Contract”), in an amount not to exceed the amount

provided therefor in the Projections from the General Contractor, and submit same for approval by the Partnership.

(e) Perform or cause to be performed, in a diligent and efficient manner, general administration and supervision of construction of the Project, including but not limited to the following:

(i) administration and supervision of the activities of the General Contractor and all other contractors, subcontractors and others employed in connection with the construction of the Project;

(ii) preparation of construction schedules pursuant to which all phases of construction are to be completed on or before the Completion Date and supervision of the scheduling of construction in conformity with such construction schedules;

(iii) periodic inspection of construction in progress, including but not limited to inspection at completion, for defects in construction and to assure compliance with the Plans and Specifications, and supervision of correction of any and all deficiencies noted pursuant to such inspections.

(iv) processing and payment of applications for progress payments made by the General Contractor, including verification of such applications against the progress of construction as indicated by the aforementioned periodic inspections; and

(v) analysis of requests for any and all change orders to or variations from the Projections and the Plans and Specifications and submission of such requests to the Partnership for approval.

(f) Perform, or cause to be performed, in a diligent and efficient manner, preparation of contracts, letter agreements, purchase orders, and similar documents as are necessary to complete timely the construction of the Project in accordance with the Plans and Specifications.

(g) Cause the Project to be completed in a manner consistent with good workmanship, defect free and in compliance with the following:

(i) the Plans and Specifications;

(ii) all obligations of the Partnership under any documents executed by the Partnership under the Loan Documents; and

(iii) all municipal, state, and other governmental laws, ordinances, and regulations governing the construction of the Project and the use thereof for its intended purposes and all other requirements of law applicable to construction of the Project.

(h) Cause to be maintained builders risk, contractor's liability, and workers' compensation insurance required by law or by the Limited Partner with the Partnership and the Limited Partner named as additional insureds, the limits of such coverage to be reasonable under the circumstances, but no less than that required by the Limited Partner, construction lenders, or applicable statutes.

(i) Cause to be kept separate project accounts and cost records and prepare and furnish upon request financial and progress reports and statements with respect to construction of the Project.

(j) Make available to the Partnership upon request copies of all contracts and subcontracts.

(k) Deliver to the Partnership copies of all inspection reports and applications for payment given any lender providing a Loan to the Partnership.

3. **Accrual Schedule.** The Development Fee shall be earned as follows:

(a) 50% of the Development Fee (as defined herein) was earned for services performed prior to and as of the date hereof.

(b) 25% of the Development Fee shall be earned at 50% completion and the remaining 25% of the Development Fee shall be earned upon the Completion Date, as defined below.

(c) Once a portion of the Development Fee has been earned, it shall be payable by the Partnership in all events, pursuant to Section 4 below; provided, however, that notwithstanding anything to the contrary set forth herein, as of the Completion Date, the Development Fee earned and payable hereunder shall be adjusted up (in the case of (ii) below) or down (in the case of (i) below) dollar for dollar by the Adjustment Amount (as defined below).

The term "*Adjustment Amount*" shall be deemed to mean the net amount equal to (i) that portion of the Development Fee, if any (the "*Excess Development Fee*"), which, if paid and when combined with the other Project development costs, would result in more than 50% of the aggregate basis of the Project buildings and land being financed from funds other than tax-exempt bond proceeds taken into account under Section 146 of the Code or (ii) any decrease in the amount of the Development Fee evidenced at cost certification; or (iii) that portion of Development Fee, if any (the "*Additional Development Fee*") which is earned as a result of an increase in the total Project development costs as evidenced by the cost certification provided by the Partnership to the HCA.

(d) Completion Date has the following meaning: The date on which the Partnership has completed the construction and/or rehabilitation of all of the buildings and Units constituting the Project, in accordance with the relevant Project Documents, as evidenced by an AIA G704 certificate of substantial completion prepared and executed by the Architect (and concurrence respecting such completion by the Limited Partner's

independent inspection and disbursement advisor), indicating that construction and/or rehabilitation of the buildings has been completed in accordance with the relevant Project Documents, except for non-material punch list items that do not impede the rental of the space in the buildings on a full rent paying basis and which are reasonably acceptable to the Limited Partner.

4. **Development Fee.** For development services to be performed under this Agreement, the Partnership shall pay the Developer as follows:

(a) A fee of **[\$7,200,000]** (the “*Development Fee*”), as adjusted dollar for dollar by the Adjustment Amount, payable as follows:

(i) **[\$7,200,000]**, (the “Deferred Development Fee”), plus any unpaid amounts from prior installments, if any, from any available development sources, if any, following payment of the Limited Partner’s final Capital Installment (as determined by the Partnership) or from Cash Flow, pursuant to Section 4(c) below or on the 14th anniversary of the Completion Date, if not sooner paid.

All of the Fees anticipated to be payable pursuant to subsection (i) above will be payable on the above dates solely to the extent of Project funds available therefore and not required to pay other unpaid Project costs as established by the approved Project Cost Certification, and after reducing such available Project funds by all Credit Deficiencies and Tax Equivalency Payments then payable (or anticipated to be payable based on anticipated Lease-up Period of the Project), and all amounts then deposited or required to be deposited to fully fund the Project Reserves budgeted in the Projections and required pursuant to the Partnership Agreement, with any excess Fees payable from Cash Flow as set forth below, or on the 14th anniversary of the Completion Date, if not sooner paid.

(b) All Development Fee payable from Cash Flow, shall be payable by the Partnership, from time to time, to the extent of available Cash Flow, having that priority set forth in Exhibit A-5 of the Partnership Agreement, and if not sooner paid will be due and payable, in all events on the 14th anniversary of the Completion Date.

(c) Each payment, or deemed payment, of a Development Fee amount pursuant to this Agreement or the Partnership Agreement, shall be reported as income by the Developer for federal income tax purposes, to the extent such amount was not previously accrued as income, whether or not such amount is reinvested or retained in the Partnership.

5. **Partnership Agreement.** The Developer is an Affiliate of the General Partner and hereby confirms that it has received a fully signed copy of the Partnership Agreement and is familiar with the terms and provisions thereof, and agrees to be bound by the terms of the Partnership Agreement respecting Affiliates, including, but not limited to Section 10.1(e) thereof. By its signature hereto, the Developer hereby authorizes the Limited Partner to disclose information concerning the Developer to potential transferees of the Limited Partner’s interest.

6. **Burden and Benefit.** The covenants and agreements contained herein shall be binding upon and inure to the benefit of the successors and permitted assigns of the respective parties hereto. No party may assign this Agreement without the consent of the other party. The Developer shall not assign its obligations hereunder, nor assign, pledge or transfer all or any part of its fees or right to fees payable hereunder, without the Consent of the Partnership and its Limited Partner, except that the Developer may pledge its right to receive the Development Fee under this Agreement to an Affiliate and may enter into a Development Fee Sharing Agreement with the Housing Authority of Clackamas County.

7. **Severability of Provisions.** Each provision of this Agreement shall be considered severable, and if for any reason any provision that is not essential to the effectuation of the basic purposes of the Agreement is determined to be invalid and contrary to any existing or future law, such invalidity shall not impair the operation of or affect those provisions of this Agreement that are valid.

8. **No Continuing Waiver.** None of the parties hereto shall be deemed to have waived any rights hereunder unless such waiver shall be in writing and signed by such party. The waiver by any party of any breach of this Agreement shall not operate or be construed to be a waiver of any subsequent breach.

9. **Defined Terms.** Except as expressly provided herein, terms used in this Agreement with initial capital letters shall have the meanings set forth in the Partnership Agreement.

10. **Governing Law.** This Agreement shall be construed and enforced in accordance with the laws of the State of Oregon, without regard to principles of conflicts of laws.

11. **Binding Agreement.** This Agreement shall be binding on the parties hereto, and their heirs, executors, personal representatives, successors and assigns.

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

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

14. **Counterparts.** This Agreement may be executed in several counterparts, each of which shall be deemed to be an original copy, and all of which together shall constitute one agreement binding on all parties hereto, notwithstanding that all the parties shall not have signed the same counterpart.

IN WITNESS WHEREOF, the parties have executed this Development Services Agreement as of the date first written above.

PARTNERSHIP:

**PEDCOR INVESTMENTS-2016-CLV,
LIMITED PARTNERSHIP**, an Oregon limited
partnership

By: Rosewood Station Housing Company, LLC, an
Indiana limited liability company

By: Pedcor Investments, A Limited Liability
Company, a Wyoming limited liability
company, its manager

By: _____
Name: Thomas G. Crowe
Title: Executive Vice President

DEVELOPER:

**PEDCOR DEVELOPMENT ASSOCIATES,
LLC**, an Indiana limited liability company

By: _____
Name: Bruce A. Cordingley
Title: Sole Member

Exhibit D

GUARANTY

THIS GUARANTY (this “*Guaranty*”), dated and effective as of the [___] day of January, 2018, is made by and between Pedcor Investments-2016-CLV, Limited Partnership, a limited partnership formed under the laws of the State of Oregon (the “*Partnership*”), Pedcor Development Associates, LLC, an Indiana limited liability company, Pedcor Investments, A Limited Liability Company, a Wyoming limited liability company (collectively, with the General Partner, the “*Corporate Guarantor*”), Bruce A. Cordingley, Gerald K. Pedigo and Phillip J. Stoffregen, each, an individual (collectively, the “*Individual Guarantor*”, and together with the Corporate Guarantor, the “*Guarantor*”), and each an Affiliate of the General Partner, for the benefit of U.S. Bancorp Community Development Corporation (the “*Limited Partner*”) and to induce the Limited Partner to become a limited partner in the Partnership by entering into that certain Amended and Restated Agreement of Limited Partnership of the Partnership, as of even date herewith (the “*Partnership Agreement*”), and performing its obligations hereunder, all of which benefit said Affiliate and the Guarantor. All defined terms not expressly defined herein shall have the meaning ascribed to them in the Partnership Agreement.

Recitals

The Partnership was formed for the purpose of acquiring, owning, developing, constructing and/or rehabilitating, leasing, managing, operating, and, if appropriate or desirable, selling or otherwise disposing of a two hundred twelve (212) unit residential project in six (6) residential buildings located on one site in Happy Valley, Oregon (the “*Project*”).

The Guarantor agrees to make each and every of the advances, and to guarantee payment and performance of all of the obligations of the General Partner and the Special Limited Partner to the extent the General Partner or the Special Limited Partner has failed to make payment or perform in each case, as set forth herein, subject to, and in accordance with, the terms and provisions set forth below.

NOW THEREFORE, for good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties agree as follows:

The Guarantor hereby absolutely and unconditionally guarantees all of the following; provided, however, notwithstanding anything to the contrary contained herein the guaranty of Gerald K. Pedigo shall terminate as of the Completion Date and shall be limited such that any recovery hereunder against the assets of Gerald K. Pedigo shall exclude the assets set forth on the Rider to Guaranty attached hereto and incorporated herein:

1. **Completion of Development.** The Guarantor hereby guarantees the due and punctual payment and performance of all of the obligations set forth in Section 5.9 of the Partnership Agreement, free and clear of any liens or claims of liens, (other than liens bonded over as described in Section 5.6(r) of the Partnership Agreement) and with all construction related actions, claims, litigation or proceedings resolved in a manner acceptable to the Limited Partner, within the time necessary to comply with all of the terms, covenants and

conditions of Section 5.9 of the Partnership Agreement and of the applicable provisions of the Project mortgage loans and grants, if any. In furtherance, but not in limitation of Guarantor's obligations hereunder, if Development Proceeds are insufficient to achieve the Development Completion Requirements under said Section 5.9 of the Partnership Agreement, if any lien is filed against the Project, which lien is not released or, with the reasonable consent of the Limited Partner, affirmatively insured over and/or if any Operating Deficits arise or accrue during the Stabilization Period, Guarantor guarantees the prompt, absolute, and unconditional payment of such sums as are necessary to fully satisfy such obligations and satisfy all other amounts payable pursuant to Section 5.9 of the Partnership Agreement. All sums due and payable hereunder by Guarantor shall be payable to the Partnership, within five (5) days after notice from the Limited Partner into an account at U.S. Bank National Association designated in writing by a Beneficiary for application to construction of the Project.

2. **Operating Deficit Guaranty.** The Guarantor hereby guarantees due and punctual payment and performance of all of the obligations set forth in Section 5.10 of the Partnership Agreement. In the event that, at any time, or from time to time, there exists an Operating Deficit (as defined in Section 2.1 of the Partnership Agreement) for which the General Partner is liable under said Section 5.10, the Guarantor shall, from time to time, within five (5) business days after Notice thereof by the Limited Partner, advance funds to the Partnership (in the amount of the required Operating Deficit Advance(s)).

Limitation on Operating Deficit Guaranty. The obligation of the Guarantor to advance funds to the Partnership in accordance with this paragraph 2 shall be limited to the maximum cumulative amount of **[\$4,000,000]**, which amount shall include any prior Operating Deficit Advances made by the General Partner or any other guarantor from and after the end of the Stabilization Period, but shall not include Operating Deficits payable pursuant to Section 1 above or amounts payable pursuant to other sections of this Guaranty, or from Project or Partnership Reserves, Project revenues or Cash Flow. Notwithstanding the foregoing, there shall be no limitation on the obligations of the Guarantor, in the event of fraud, gross negligence or willful misconduct by the Guarantor, the General Partner, the Special Limited Partner or by the Management Agent, if the Management Agent is an Affiliate of the Guarantor, the Special Limited Partner or the General Partner; and, further, there shall be no limitation on the obligations of the Guarantor with respect to amount owed in connection with a refinancing of the First Mortgage Loan or in connection with Operating Deficits resulting from a loss of the Property Tax Exemption.

3. **Development Fee Guaranty.** The Guarantor hereby guarantees due and punctual payment and performance of all obligations set forth in Section 5.11 of the Partnership Agreement. In the event that, at any time or from time to time during the term of this Guaranty, a Development Fee Advance is required, pursuant to Section 5.11 of the Partnership Agreement, the Guarantor shall, within five (5) business days after Notice thereof by the Limited Partner, advance funds to the

Partnership (to an account designated by the Limited Partner at U.S. Bank National Association) in an amount equal to the required Development Fee Advance.

4. **Contractor Fee Guaranty.** The Guarantor hereby guarantees due and punctual payment and performance of all obligations set forth in Section 5.12 of the Partnership Agreement. In the event that, at any time or from time to time during the term of this Guaranty, a Contractor Fee Advance is required, pursuant to Section 5.12 of the Partnership Agreement, the Guarantor shall, within five (5) business days after Notice thereof by the Limited Partner, advance funds to the Partnership (to an account designated by the Limited Partner at U.S. Bank National Association) in an amount equal to the required Contractor Fee Advance.
5. **Reserved.**
6. **Credit Adjuster Guaranty.** The Guarantor hereby guarantees due and punctual payment and performance of all obligations set forth in Section 3.3 of the Partnership Agreement, other than respecting Credit Deficiencies arising solely from Change in Law. The Credits (and the timing of receipt of such Credits) which are anticipated by the Limited Partner as of the date hereof are set forth on Exhibit A-3 of the Partnership Agreement and are incorporated herein by this reference. In the event that, at any time or from time to time during the term of this Guaranty, a Credit Adjuster Advance is required pursuant to Section 3.3 of the Partnership Agreement, the Guarantor shall, within five (5) business days after Notice thereof by the Limited Partner, advance funds to the Limited Partner (as directed by the Limited Partner in writing), in the amount of the required Credit Adjuster Advance.
7. **Additional Guaranties.** The Guarantor hereby guarantees due and punctual payment and performance of all obligations set forth in Sections 5.6, 5.7, 6.2, 10.1(e) and 13.3 of the Partnership Agreement. In the event that, at any time or from time to time during the term of this Guaranty, the General Partner or Special Limited Partner is required to satisfy its indemnification obligations under Sections 5.6, 5.7, 6.2, 10.1(e) and/or 13.3 of the Partnership Agreement and fails to timely perform and pay such obligations as and when so required, the Guarantor shall, within five (5) business days after Notice thereof by the Limited Partner, commence to perform such obligations and to advance funds to the Partnership (to an account designated by the Limited Partner at U.S. Bank National Association) in an amount sufficient to satisfy such obligations.
8. **Guaranty of Obligation to Purchase Interest of Limited Partner.** The Guarantor hereby guarantees due and punctual payment and performance of all obligations in Section 5.14 of the Partnership Agreement. In the event that, at any time or from time to time during the term of this Guaranty, the General Partner is obligated pursuant to Sections 5.14 of the Partnership Agreement to purchase the Limited Partner's Interest and fails to purchase such Interest as and when required pursuant to Section 5.14 of the Partnership Agreement, the Guarantor shall, within

five (5) business days after Notice thereof by the Limited Partner, advance funds to the Partnership (as directed by the Limited Partner in writing), in the amount required to purchase the Limited Partner's Interest, pursuant to said Section 5.14.

9. **Payments.** Except for amounts paid by Guarantor pursuant to Sections 1, 2, 3, 4 and 6 of this Guaranty, any amounts paid by Guarantor shall not be refundable to Guarantor, but shall be paid in consideration of Limited Partner's investment in the Partnership and in further consideration of the anticipated payments by the Partnership to the General Partner and its Affiliates and the Special Limited Partner and its Affiliates of fees in connection with development of the Project, all of which benefit Guarantor, and the sufficiency of which is hereby acknowledged by Guarantor. Any payments made by Guarantor pursuant to Section 1, 2, 3, 4 and/or 6 shall be treated as an interest fee loan to the Partnership repayable pursuant to Article 8 and Exhibit A-5 of the Partnership Agreement.

10. **Representation.**

(a) The Guarantor represents that it will maintain compliance with Sections 5.7(i), 13.3(a)(6) of the Partnership Agreement.

(b) [Reserved].

(c) Pedcor Development Associates, LLC (A) is a limited liability company validly existing and in good standing under the laws of the State of Indiana and (B) has full power to enter into and consummate this Guaranty and all instruments pertaining hereto and to perform all acts related thereto, execution of this Guaranty has been duly authorized by Pedcor Development Associates, LLC and the person executing this Guaranty on its behalf is duly authorized to do so and to bind Pedcor Development Associates, LLC. The consummation of all transactions contemplated herein and in the Loan Documents and the Project Documents to be performed by Pedcor Development Associates, LLC does not and will not result in any breach or violation of, or default under, the organizational documents and authorizing resolutions of Pedcor Development Associates, LLC or any agreements by which Pedcor Development Associates, LLC or any of its property is bound, or under any applicable law, administrative regulation, or court decree. The organizational documents and authorizing resolutions of Pedcor Development Associates, LLC submitted to the Limited Partner on or prior to the date hereof are true, correct and complete and have not been amended. Pedcor Development Associates, LLC will not change its organizational structure and will not make any changes or amendments to its organizational documents and authorizing resolutions which would impair its ability to act as Guarantor in accordance with this Guaranty without the Consent of the Limited Partner. This Guaranty is enforceable against Pedcor Development Associates, LLC in accordance with its terms.

(d) Pedcor Investments, A Limited Liability Company (“Pedcor Investments”) (A) is a limited liability company validly existing and in good standing under the laws of the State of Wyoming and qualified to do business in Indiana and (B) has full power to enter into and consummate this Guaranty and all instruments pertaining hereto and to perform all acts related thereto, execution of this Guaranty has been duly authorized by Pedcor Investments, and the person executing this Guaranty on its behalf is duly authorized to do so and to bind Pedcor Investments. The consummation of all transactions contemplated herein and in the Loan Documents and the Project Documents to be performed by Pedcor Investments does not and will not result in any breach or violation of, or default under, the organizational documents and authorizing resolutions of Pedcor Investments or any agreements by which Pedcor Investments or any of its property is bound, or under any applicable law, administrative regulation, or court decree. The organizational documents and authorizing resolutions of Pedcor Investments submitted to the Limited Partner on or prior to the date hereof are true, correct and complete and have not been amended. Pedcor Investments will not change its organizational structure and will not make any changes or amendments to its organizational documents and authorizing resolutions which would impair its ability to act as Guarantor in accordance with this Guaranty without the Consent of the Limited Partner. This Guaranty is enforceable against Pedcor Investments in accordance with its terms.

11. **Intended Beneficiary.** The parties intend that the Limited Partner, and its successors and assigns, is a direct beneficiary of this Guaranty and that the Limited Partner and its successors and assigns shall have the right to directly enforce the Guarantor’s obligations hereunder. No person other than the Limited Partner (and its successors and assigns) and the parties to this Guaranty may directly or indirectly rely upon or enforce the provisions of this Guaranty, whether as a third party beneficiary or otherwise. In amplification of the provisions of this Section 9, if the Limited Partner’s Interest is transferred to a Substitute Limited Partner in accordance with Section 10.1 of the Partnership Agreement, the rights of the Limited Partner under this Guaranty with respect to the portion of its Interest so transferred shall automatically vest in such transferee, in whole or in part, as applicable, without the need of any additional agreement from the Guarantor, and when so transferred, the Guarantor’s liability hereunder shall automatically include applicable guaranties in favor of such transferee, and the Guarantor shall be bound to each such transferee(s) as Substitute Limited Partner(s) without in any manner affecting the Guarantor’s liability hereunder to the Limited Partner respecting any interest retained by such Limited Partner.
12. **Burden and Benefit.** This Guaranty and each covenant and agreement contained herein shall be binding upon Guarantor and his/her/its heirs, personal representatives, successors and assigns and shall inure to the benefit of the Limited Partner, and its respective successors and assigns. The Guarantor shall not have the right to assign its obligations hereunder without the Consent of the

Limited Partner. With respect to those Guarantors that are individuals, each Guarantor agrees that in the event of his/her death, his personal representative shall not be permitted to disburse any assets from his/her estate, other than for payment of fees and expenses having a higher priority under the laws of the jurisdiction in which the estate of the Guarantor is being administered, until said personal representative has reached a binding agreement with the Partnership regarding the payment of all claims or obligations (whether such claims or obligations are absolute or contingent) which the Partnership has or may in the future have against the estate of the Guarantor.

13. **Severability of Provisions.** Each provision of this Guaranty shall be considered severable, and if for any reason any provision that is not essential to the effectuation of the basic purposes of this Guaranty is determined to be invalid and contrary to any existing or future law, such invalidity shall not impair the operation of or affect those provisions of this Guaranty that are valid.
14. **No Continuing Waiver.** None of the parties hereto shall be deemed to have waived any rights hereunder unless such waiver shall be in writing and signed by such party. The waiver by any party of any breach of this Guaranty shall not operate or be construed to be a waiver of any subsequent breach.
15. **Defined Terms.** Terms used in this Guaranty with initial capital letters and not otherwise defined in the Partnership Agreement shall have the meanings set forth herein. The Guarantor hereby confirms that it has received a fully executed copy of the Partnership Agreement and is familiar with the terms and provisions thereof. Further, the Guarantor agrees to be bound by all of the requirements respecting Affiliates of the General Partner and the Special Limited Partner set forth in the Partnership Agreement, and to timely provide to the Limited Partner copies of their financial statements and tax returns required pursuant to Section 13.3(a)(6) of the Partnership Agreement.
16. **Governing Law.** This Guaranty shall be construed and enforced in accordance with the laws of the State of Oregon, without regard to principles of conflicts of laws, and cannot be modified, amended or terminated orally.
17. **Headings.** All headings in this Guaranty are for convenience of reference only and are not intended to qualify the meaning of any provision of this Guaranty.
18. **Terminology.** All personal pronouns used in this Guaranty, whether used in the masculine, feminine, or neuter gender, shall include all other genders, the singular shall include the plural, and vice versa as the context may require.
19. **Counterparts.** This Guaranty may be executed in several counterparts, each of which shall be deemed to be an original copy, and all of which together shall constitute one agreement binding on all parties hereto, notwithstanding that all the parties shall not have signed the same counterpart.

20. **Payment and Performance Guaranty.** Guarantor hereby agrees that this is a Guaranty of payment and performance, not collection, and that this Guaranty is an unconditional, irrevocable primary guaranty and may be enforced by the Limited Partner directly against Guarantor without first resorting to or exhausting any other right or remedy; provided, however, that nothing herein contained shall prevent the Limited Partner from suing to enforce the provisions of the Partnership Agreement or from exercising any rights thereunder. Guarantor further covenants that this Guaranty shall remain and continue in full force and effect, notwithstanding any assignment, modification, extension, compromise or renewal of the Loan Documents, the Project Documents or the release or exchange of any real or personal property or other collateral security for any of the Loans, and notwithstanding any amendment or modification of the Partnership Agreement or transfer of the Interest of any Partner thereunder, and that indulgences or forbearance may be granted under any or all of such documents, all of which may be made, done, or suffered without notice to or further consent of the Guarantor. Guarantor agrees and confirms that its liability hereunder shall not be affected, impaired, or reduced in any way by any action taken under the foregoing provisions, or any other provisions hereof, or by any delay, failure or refusal of the Limited Partner to exercise any right or remedy it may have against the General Partner or any other person, firm or corporation, including other guarantors, if any, liable for all or any part of the obligations guaranteed hereby.
21. **Security.** As collateral security for the Guarantor's obligations under Sections 1 and 4 hereunder, the Guarantor agrees that it shall deliver the Escrow Amount (defined in Section 5.7(ff) of the Partnership Agreement) to be held by the Limited Partner pursuant to the Escrow Agreements, which amount may be applied by the Limited Partner, at its sole option, at any time, or from time to time, to satisfy any of Guarantor's obligations pursuant to Sections 1 and 4 to fund Contractor Fee which are not timely satisfied in accordance with the terms hereunder and Section 5.7(ff). The Escrow Agreements may be terminated upon the Completion Date at the discretion of the Limited Partner as described in Section 5.7(ff) of the Partnership Agreement.
22. **Joint and Several.** The obligations under the term of this Guaranty are joint and several obligations of the Guarantor.
23. **No Discharge.** The Guarantor acknowledges that all of its obligations under this Guaranty are primary, absolute, irrevocable and unconditional and that its liability shall not be limited or affected by any release or discharge of the General Partner or Special Limited Partner or any other guarantor, whether by operation of law or otherwise, by withdrawal or removal of the General Partner or Special Limited Partner as a partner in the Partnership or by any other legal or factual matter, unless and until all guaranteed obligations have been paid and performed in full, regardless of whether or not Notice has then been given to the Guarantor. In amplification, and not in limitation, of the provisions set forth above, the Guarantor hereby waives and agrees not to assert or take advantage of:

- (a) any right to require the General Partner to proceed against any other person or to proceed against or exhaust any security held by the General Partner at any time or to pursue any other remedy in the General Partner's or Special Limited Partner's power before proceeding against the Guarantor;
 - (b) any right to require the Limited Partner to proceed against the General Partner or Special Limited Partner or any other person or to proceed against or exhaust any security held by the Limited Partner at any time or to pursue any other remedy in the power of the Limited Partner before proceeding against any one or more Guarantors hereunder;
 - (c) the defense of the statute of limitations in any action hereunder or in any action for the collection or the performance of any obligations guaranteed hereby;
 - (d) any defense relating to the terms and provisions of the Construction Documents;
 - (e) any defense that may arise by reason of the incapacity, lack of authority, death or disability of any other person or persons or the failure of the Limited Partner to file or enforce a claim against the estate (in administration, bankruptcy or any other proceeding) of any other person or persons;
 - (f) any defense based upon an election of remedies by the Limited Partner or the right of Guarantors to proceed against the Partnership or any Partner; and
 - (g) any duty or obligation on the part of the Limited Partner to perfect, protect, not impair, retain or enforce any security for the payment of the obligations guaranteed hereby.
24. **Notice.** Notice to the parties hereto shall be given in the manner and (where applicable) to the addresses specified in Exhibit A-6 of the Partnership Agreement, as the same may be amended from time to time by Notice to the parties hereto. Notices to the Partnership shall be sent in care of the General Partner of the Partnership, with a copy sent simultaneously to the Limited Partner at the addresses previously provided in writing. Notices to Guarantor shall be sent to:

Pedcor Investments, A Limited Liability Company
One Pedcor Square
770 3rd Avenue S.W.
Carmel, IN 46032
Attn: Thomas G. Crowe
Phone: (317) 587-0341

Fax: (317) 587-0340

Pedcor Development Associates, LLC

One Pedcor Square
770 3rd Avenue S.W.
Carmel, IN 46032

Attn: Bruce A. Cordingley

Phone: (317) 587-0341

Fax: (317) 587-0340

Gerald K. Pedigo

One Pedcor Square
770 3rd Avenue S.W.
Carmel, IN 46032

Phone: (317) 587-0357

Fax: (317) 587-0340

Bruce A. Cordingley

One Pedcor Square
770 3rd Avenue S.W.
Carmel, IN 46032

Phone: (317) 587-0335

Fax: (317) 587-0340

Phillip J. Stoffregen

One Pedcor Square
770 3rd Avenue S.W.
Carmel, IN 46032

Phone: (317) 587-0343

Fax: (317) 587-0340

25. **Collection.** Guarantor agrees that, in the event this Guaranty is placed in the hands of an attorney for enforcement following notice of demand for payment as required herein, Guarantor will reimburse the Limited Partner seeking such enforcement for all expenses incurred in enforcing this Guaranty, and in enforcing the rights under the Partnership Agreement, including, without limitation, reasonable attorneys' fees and expenses (whether or not suit is brought hereon) and all such other actual out of pocket expenses incurred in connection with any trial, appeal, arbitration or bankruptcy proceedings. All amounts which are not timely paid by Guarantor shall bear interest from and after the date due until paid at two percent (2%) in excess of the from time to time prime rate of interest of U.S. Bank National Association.
26. **Defenses Not Valid.** Guarantor further agrees that the validity of this Guaranty and the obligations of Guarantor hereunder shall in no way be terminated, affected, or impaired (a) by reason of the assertion by the Limited Partner of any rights or remedies under or with respect to the Partnership Agreement, or any

other instruments executed in connection therewith, against any Person obligated thereunder, (b) by reason of any failure to exercise, or delay in exercising, any such right or remedy or any right or remedy hereunder or in respect to this Guaranty, or (c) by reason of the adjudication in bankruptcy of this Guaranty or any guarantor hereunder, any Person obligated under the Partnership Agreement, or the filing of a petition for any relief under any federal, state, or local bankruptcy law by any such Person.

27. **Continuing Guaranty.** It is expressly understood and agreed that this is a primary, continuing guaranty and that the obligations of Guarantor hereunder are and shall be absolute under any and all circumstances, without regard to the validity, regularity or enforceability of the Partnership Agreement, any other instruments executed in connection therewith or otherwise in connection with the Project.
28. **Certain Waivers.** To the extent permitted by law, Guarantor hereby waives notice of the acceptance hereof, presentment, demand for payment, protest, notice of protest and any and all notices of nonpayment, non-performance, non-observance, and all other notices of any kind, and other proof, and notice of demand, and Guarantor hereby waives all suretyship defenses and defenses in the nature thereof.
29. **Default.** If Guarantor shall fail or refuse to perform or continue performance of any or all of Guarantor's obligations under this Guaranty, then the Limited Partner may, at its sole, respective option, have the right to take all necessary action to cause payment or performance of any obligation(s) guaranteed hereunder to be performed and/or paid and to take any other actions necessary or advisable to cure the Guarantor's default hereunder, either before or after the exercise of any other remedy. The amounts of any and all expenditures and advances so made by the Limited Partner shall be due and payable by Guarantor immediately upon the incurrence or advancement thereof and, if not then paid, shall bear interest at two percent (2%) above the from time to time prime rate of U.S. Bank National Association and shall be an additional amount guaranteed hereunder. In addition, in the event of fraud, gross negligence or willful misconduct by the Guarantor, the Special Limited Partner, the General Partner or by the Management Agent, if the Management Agent is an Affiliate of the Guarantor, the Special Limited Partner or the General Partner, the limitations on the guaranties set forth in Section 2 above shall not apply.
30. **Subrogation.** Guarantor agrees that Guarantor shall have no right of subrogation against the General Partner or any right of contribution against any other guarantor unless and until all amounts due under the Partnership Agreement have been paid in full and all other obligations under the Partnership Agreement have been satisfied. Guarantor further agrees that, to the extent the waiver of Guarantor's rights of subrogation and contribution as set forth herein is found by a court of competent jurisdiction to be void or voidable for any reason, any rights of subrogation Guarantor may have against the General Partner shall be junior and

subordinate to any rights the Limited Partner may have against the General Partner, and any rights of contribution Guarantor may have against any other guarantor shall be junior and subordinate to any rights the Limited Partner may have against such other guarantor.

IN WITNESS WHEREOF, the parties have executed this Guaranty as of the date first above written.

PARTNERSHIP:

**PEDCOR INVESTMENTS-2016-CLV,
LIMITED PARTNERSHIP**, an Oregon limited
partnership

By: Rosewood Station Housing Company, LLC, an
Indiana limited liability company

By: Pedcor Investments, A Limited Liability
Company, a Wyoming limited liability
company, its manager

By: _____
Name: Thomas G. Crowe
Title: Executive Vice President

GUARANTORS:

**ROSEWOOD STATION HOUSING
COMPANY, LLC**, an Indiana limited liability
company

By: Pedcor Investments, A Limited Liability Company, a Wyoming limited liability company, its manager

By: _____
Name: Thomas G. Crowe
Title: Executive Vice President

PEDCOR DEVELOPMENT ASSOCIATES, LLC, an Indiana limited liability company

By: _____
Name: Bruce A. Cordingley
Title: Sole Member

PEDCOR INVESTMENTS, A LIMITED LIABILITY COMPANY, a Wyoming limited liability company

By: _____
Thomas G. Crowe
Executive Vice President

Bruce A. Cordingley

Gerald K. Pedigo, by Bruce A. Cordingley, his
attorney in fact

Phillip J. Stoffregen

STATE OF INDIANA)
) SS
COUNTY OF HAMILTON)

On January ____, 2018, before me, a notary public, personally appeared Thomas G. Crowe, Executive Vice President of Pedcor Investments, A Limited Liability Company, a Wyoming limited liability company, manager of Rosewood Station Housing Company, LLC, an Indiana limited liability company, to me known to be the person who executed the foregoing instrument on behalf of said company and acknowledged to me that he executed the same of his own free will for the purposes stated therein.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed my official seal in the location aforesaid, the day and year first above written.

Notary Public

My commission expires:

STATE OF INDIANA)
) SS
COUNTY OF HAMILTON)

On January ____, 2018, before me, a notary public, personally appeared Bruce A. Cordingley, the sole member of Pedcor Development Associates, LLC, an Indiana limited liability company, to me known to be the person who executed the foregoing instrument on behalf of said companies and acknowledged to me that he executed the same of his own free will for the purposes stated therein.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed my official seal in the location aforesaid, the day and year first above written.

Notary Public

My commission expires:

STATE OF INDIANA)
) SS
COUNTY OF HAMILTON)

On January ____, 2018, before me, a notary public, personally appeared Thomas G. Crowe, Executive Vice President of Pedcor Investments, A Limited Liability Company, a Wyoming limited liability company, to me known to be the person who executed the foregoing instrument on behalf of said company and acknowledged to me that he executed the same of his own free will for the purposes stated therein.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed my official seal in the location aforesaid, the day and year first above written.

Notary Public

My commission expires:

STATE OF INDIANA)
) SS
COUNTY OF HAMILTON)

On January____, 2018, before me, a notary public, personally appeared Bruce A. Cordingley, to me known to be the person described in and who executed the foregoing instrument, and acknowledged to me that he executed the same as his free act and deed.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed my official seal in the location aforesaid, the day and year first above written.

Notary Public

My commission expires:

STATE OF INDIANA)
) SS
COUNTY OF HAMILTON)

On January ____, 2018, before me, a notary public, personally appeared Bruce A. Cordingley as attorney in fact for Gerald K. Pedigo, to me known to be the person described in and who executed the foregoing instrument, and acknowledged to me that he executed the same as his free act and deed.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed my official seal in the location aforesaid, the day and year first above written.

Notary Public

My commission expires:

STATE OF INDIANA)
) SS
COUNTY OF HAMILTON)

On January ____, 2018, before me, a notary public, personally appeared Phillip J. Stoffregen, to me known to be the person described in and who executed the foregoing instrument, and acknowledged to me that he executed the same as his free act and deed.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed my official seal in the location aforesaid, the day and year first above written.

Notary Public

My commission expires:

**RIDER TO GUARANTY IN FAVOR OF
U.S. BANCORP COMMUNITY DEVELOPMENT CORPORATION
DATED JANUARY _____, 2018, RELATING TO THE EXEMPTION
OF CERTAIN ASSETS OF GERALD K. PEDIGO**

Notwithstanding anything in this Guaranty to the contrary, U.S. Bancorp Community Development Corporation, and its successors and assigns (collectively, the “Lender”) shall look solely to property that is not exempted from the provisions of this Guaranty (such property that is exempt from the provisions of this Guaranty is herein referred to as the “Exempt Property”), for the satisfaction of the obligations of Gerald K. Pedigo pursuant to this Guaranty. In no event shall Lender attempt to claim or assert or be entitled to any levy or attachment upon the Exempt Property to satisfy the obligations of the undersigned pursuant to this Guaranty. Notwithstanding anything contained herein, in any agreement for establishment of depository accounts or any other agreement between Gerald K. Pedigo and Lender, Lender shall not be entitled to any right of set-off or counterclaim or any claim whatsoever with respect to the Exempt Property.

For purposes hereof, the “Exempt Property” shall consist of:

- (a) The real property and personal property described in EXHIBIT A attached hereto and made a part hereof;
- (b) Amounts held in four special exempt personal trust accounts (the “Exempt Funds Account”) maintained for the benefit of The Gerald K. Pedigo Trust, under Trust Agreement dated August 26, 1987 (the “Trust”), as Stifel Nicolaus & Company Account Numbers IA71-7417-9226 and IA41-2229-2881; as SAA Knall/Cohn Managed Account Number 8808-4178; and, as United Fidelity Bank Investment Flexplus Account Number 900022214, including all interest thereon and earnings thereof, the balance of which the Exempt Funds Account had a combined market value of \$6,388,815 as of December 31, 2016.

In addition, so long as Gerald K. Pedigo and the Trust maintain a combined cash and marketable securities position of at least \$1,000,000 separate and apart from the Exempt Funds Account and other Exempt Property, additional deposits may be made to the Exempt Funds Account in any amount up to 50% of all income and cash flow of Gerald K. Pedigo and/or the Trust commencing January 1, 2017 on a cumulative basis with such additional deposits and all earnings thereon constituting Exempt Property for purposes hereof.

Notwithstanding anything in this Guaranty to the contrary, this Guaranty shall terminate upon lien-free construction completion of Rosewood Station (the “Project”) as evidenced by a certificate of the Project architect and engineer stating the Project has been completed in substantial accordance with the plans and specifications approved for the Project.

To the extent the terms and provisions of this Guaranty concerning the Exempt Property and the Exempt Funds Account are inconsistent in any respect with any of the terms and provisions of any documents or agreements in effect between Gerald K. Pedigo and the Lender, whether entered into on or after the date hereof, the terms and provisions hereof shall be

controlling insofar as the Exempt Property is concerned. Gerald K. Pedigo and Lender may, from time to time, by mutual written agreement, amend the provisions of this Guaranty governing the Exempt Property. Gerald K. Pedigo may access and deal with the Exempt Property including withdrawal, expenditure, investment and re-deposit as he may determine in his sole discretion and nothing contained herein shall be construed as a limitation of such rights in any manner. This Rider shall be binding upon and shall inure to the benefit of the respective successors and assigns to the parties hereto.

Gerald K. Pedigo

ACKNOWLEDGED AND AGREED TO BY:

U.S. BANCORP COMMUNITY DEVELOPMENT
CORPORATION, a Minnesota corporation

By: _____
Name: Patrick Finerty
Title: Assistant Vice President

EXHIBIT A

**RIDER TO GUARANTY OF
GERALD K. PEDIGO
DATED December 31, 2016**

- A. Household Furnishings, Personal Effects and Vehicles with an estimated value of \$352,000.
- B. Personal Residence at 6351 Calle Ponte Bella, Rancho Santa Fe, California with an estimated value of \$4,990,000.
- C. Personal Residence at 18331 Calle Stellina, Rancho Santa Fe, California with an estimated value of \$3,500,000.**
- D. Personal Property consisting of Lot #85 at Black Rock in Couer d'Alene, Idaho with an estimated value of \$400,000.
- E. Investment (partial interest) in Beeville Properties, LLC, a retail shopping center in Beeville, Texas with an estimated value of \$167,510.
- F. Investment (partial interest) in Wichita Falls Partners, LLC, a retail shopping center in Wichita Falls, Texas with an estimated value of \$268,658.
- G. Purchased 3,333 shares of Pedcor Bancorp non-cumulative perpetual preferred stock valued at \$200,000 with previously exempt funds.
- H. Purchased 1,333 shares of Fidelity Federal Bancorp non-cumulative perpetual preferred stock valued at \$1,333,333 with previously exempt funds.

**NOTE: The Personal Residence at 18331 Calle Stellina, Rancho Santa Fe, California was subsequently sold in January 2017. Excess proceeds from the sale were deposited to Stifel Nicholas & Company Exempt Account # IA71-7417-9226.

Exhibit E

PARTNERSHIP MANAGEMENT AGREEMENT

THIS PARTNERSHIP MANAGEMENT AGREEMENT (this "*Agreement*"), dated and effective as of the ____ day of January, 2018, is made by and between Pedcor Investments-2016-CLV Limited Partnership, a limited partnership formed under the laws of the State of Oregon (the "*Partnership*"), and Rosewood Station Housing Company, LLC, an Indiana limited liability company (the "*General Partner*").

Recitals

The Partnership was formed for the purpose of acquiring, owning, developing, constructing and/or rehabilitating, leasing, managing, operating, and, if appropriate or desirable, selling or otherwise disposing of a two hundred and twelve (212) unit residential project in six (6) residential buildings plus a community building located on one site in Happy Valley, Oregon (the "*Project*"). The Partnership is operating by an Amended and Restated Agreement of Limited Partnership in the form to which this Agreement is attached as an exhibit (the "*Partnership Agreement*").

The Partnership has agreed to make certain payments to the General Partner as an inducement for the efficient administration of the Project.

Accordingly, for good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties agree as follows:

1. **Services.** Subject to the applicable provisions of the Partnership Agreement, the General Partner shall:
 - (a) Provide any and all supervisory services designed to cause the Project to operate efficiently, including reviewing and evaluating programs, policies and procedures instituted by the Management Agent for advertising and tenant recruitment, screening and selection;
 - (b) Investigate and make recommendations with respect to the selection and conduct of relations with consultants and technical advisors (including, without limitation, accountants, depositories, custodians, agents for collection, insurers, insurance agents and banks) if necessary at any given time; and
 - (c) Formulate programs for owner, tenant, public and government relations.
2. **Partnership Management Fee.** Subject to the applicable terms and conditions of the Partnership Agreement and the Loans and Project Documents, the Partnership shall pay to the General Partner, over the term of this Agreement, an annual

Partnership Management Fee, solely to the extent that there are funds available to pay the same in any year, payable pursuant to, and in the amounts and payment priority level as set forth in Items Twelfth and Fourteenth of Exhibit A-5 of the Partnership Agreement. This Partnership Management Fee shall not accrue.

3. **Partnership Agreement.** Except as expressly provided herein, this Agreement shall be subject to the applicable terms and conditions of the Partnership Agreement. All terms not otherwise defined herein shall have the meanings therefor set forth in the Partnership Agreement.
4. **Burden and Benefit.** The covenants and agreements contained herein shall be binding upon and inure to the benefit of the parties hereto and their heirs, executors, personal representatives, successors and assigns. The General Partner may not assign this Agreement without the Consent of the Limited Partner. In the event the General Partner is removed pursuant to the terms and conditions of the Partnership Agreement, the portion of the Partnership Management Fee payable to the General Partner shall be then payable to the successor general partner approved by the Limited Partner.
5. **Severability of Provisions.** Each provision of this Agreement shall be considered severable, and if for any reason any provision that is not essential to the effectuation of the basic purposes of the Agreement is determined to be invalid and contrary to any existing or future law, such invalidity shall not impair the operation of or affect those provisions of this Agreement that are valid.
6. **No Continuing Waiver.** None of the parties hereto shall be deemed to have waived any rights hereunder unless such waiver shall be in writing and signed by such party. The waiver by any party of any breach of this Agreement shall not operate or be construed to be a waiver of any subsequent breach.
7. **Governing Law.** This Agreement shall be construed and enforced in accordance with the laws of the State of Oregon, without regard to principles of conflicts of laws.
8. **Headings.** All headings in this Agreement are for convenience of reference only and are not intended to qualify the meaning of any provision of this Agreement.
9. **Terminology.** All personal pronouns used in this Agreement, whether used in the masculine, feminine, or neuter gender, shall include all other genders, the singular shall include the plural, and vice versa as the context may require.
10. **Counterparts.** This Agreement may be executed in several counterparts, each of which shall be deemed to be an original copy, and all of which together shall constitute one agreement binding on all parties hereto, notwithstanding that all the parties shall not have signed the same counterpart.

Term. In the event the General Partner withdraws, is removed or otherwise transfers its Interest in the Partnership, this Partnership Management Fee Agreement shall terminate.

IN WITNESS WHEREOF, the parties have executed this Partnership Management Agreement as of the date first written above.

PARTNERSHIP:

**PEDCOR INVESTMENTS-2016-CLV,
LIMITED PARTNERSHIP**, an Oregon limited
partnership

By: Rosewood Station Housing Company, LLC,
an Indiana limited liability company, its General
Partner

By: Pedcor Investments, A Limited Liability
Company, a Wyoming limited liability company, its
Manager

By: _____
Name: Thomas G. Crowe
Title: Executive Vice President

GENERAL PARTNER:

**ROSEWOOD STATION HOUSING
COMPANY, LLC**, a Indiana limited liability
company

By: Pedcor Investments, A Limited Liability
Company, a Wyoming limited liability
company, its Manager

By: _____
Name: Thomas G. Crowe
Title: Executive Vice President

Exhibit F
PROJECTIONS
[INSERT PROJECTIONS]

Exhibit G

INSURANCE REQUIREMENTS CHECKLIST

Partnership Agreement Insurance Requirements

The insurance coverage set forth below constitutes Limited Partner's initial coverage requirements, and are subject to increase, from time to time, at the written reasonable request of the Limited Partner.

Immediately upon purchase of the land on which the Project is located, and throughout the term of this Agreement, General Partner shall obtain, and maintain in full force and effect, the following policies of insurance on behalf of the Partnership; provided that the coverage amounts set forth below are subject to increase, from time to time, at the written reasonable request of the Limited Partner:

1. Commercial General Liability insurance, providing coverage on an occurrence rather than a "claims made" basis insuring for third party claims of legal liability, and caused by bodily injury, property damage, personal injury or advertising injury, arising out of the ownership or management of the Land and including the costs to defend such actions brought against the Partnership, as well as hired and non-owned automobile liability insurance. The policy shall designate the Partnership as a Named Insured, and include an endorsement adding the Limited Partner as additional insured, and shall be primary coverage for the additional insured, without contribution from other valid insurance policies which may be available to the additional insured. Limits of the policy shall be at least \$1 million per occurrence and \$2 million in the general aggregate. If coverage is provided under blanket policies insuring other locations or entities, then the general aggregate must apply to each insured location separately.
2. Umbrella/Excess Liability insurance, with the Commercial General Liability, Automobile Liability policies scheduled as underlying policies. Limits of the policy shall be at least \$3 million per occurrence and in the annual aggregate. The policy shall include the Partnership as a Named Insured and the Limited Partner as additional insured and shall be primary coverage for the additional insured without contribution from other valid insurance policies which may be available to the additional insured.

Prior to the commencement of any construction of the Project, General Partner shall obtain (or cause to be obtained by the General Contractor) and keep in force during the term of any construction:

3. Builder's Risk insurance, insuring for all risks of physical loss of or damage (excluding the perils of earthquake and flood, unless specifically required by the Limited Partner) to:

the buildings and structures being constructed;

- fixtures, materials, supplies, machinery and equipment to be used in construction;
- scaffolding, falsework, fences, forms, etc;
- trailers and temporary structures incidental to the construction;
- foundations and underground work;
- sidewalks and paving;
- personal property of the Partnership used to maintain or service the Project construction whether located at the site or elsewhere, including while in-transit;

The construction site shall be specifically scheduled on the policy as a Covered Location. Limits of policy will be at least the estimated replacement value of the completed Project, plus the value of other property insured. Coverage and limits shall be extended to include soft cost for additional costs made necessary by a delay in completion of construction; such soft costs should include payment for:

- Debt service payments and bond interest payment (where appropriate)
- Construction loan fees and refinancing charges;
- Legal fees;
- Design professional fees;
- Real estate taxes;
- Insurance premiums

Amounts of coverage for soft costs should be sufficient to meet the likely costs of each category for a delay period of twelve months. Policy shall provide for claims to be paid based upon replacement cost of the lost or damaged property without deduction for depreciation. The policy shall have a deductible of no greater than \$25,000 per occurrence. The policy shall carry no coinsurance provisions. The policy shall designate the Partnership as a Named Insured. The policy shall include an endorsement naming the Limited Partner as Loss Payee, as its interests may appear, and as an insured.

4. Evidence from the General Contractor of:

- Worker's Compensation insurance, insuring for occupational disease or injury and employer's liability, and covering the General Contractor's full liability for statutory compensation to any person or persons who perform work in, on, or about the Project

construction, including the employees of sub-contractors of any tier, and liability to the dependents of such persons. The policy will be in a form which complies with the worker's compensation acts and safety laws of the state in which the Project is located. Worker's Compensation limits shall be statutory; Employer's Liability limits shall be at least \$1 million per occurrence.

- Commercial General Liability insurance, insuring for third party claims of legal liability against the General Contractor, and caused by bodily injury, property damage, and personal injury or advertising injury, arising out of the activities of the contractor, and including the costs to defend such actions brought against the Partnership. Completed Operations coverage shall also be included in the policy. The policy shall include an endorsement adding the Partnership and Limited Partner as additional insured, and shall be primary coverage for the additional insured, without contribution from other valid insurance policies which may be available to the additional insured. Limits of the policy shall be at least \$1 million per occurrence and \$2 million in the general aggregate.
- Umbrella/Excess Liability insurance, with the Commercial General Liability, and Employers Liability policies scheduled as underlying policies. Limits of the policy shall be at least \$2 million per occurrence and in the annual aggregate. The policy shall include the Partnership and Limited Partner as additional insured and shall be primary coverage for the additional insured without contribution from other valid insurance policies which may be available to the additional insured.

5. Evidence from each Architect or other design professional of:

- Professional Liability insurance, insuring for third party claims of negligence against the design professional, and caused by the wrongful act of the design professional; limits shall be the greater of \$1 million per occurrence and in the aggregate, or 10% of the value of hard costs under the construction contract.

Prior to any occupancy of the Project, General Partner shall obtain, and shall maintain in full force and effect throughout the term of this Agreement, the following policies of insurance:

7. Property Damage insurance, insuring for all risks of physical loss of or damage (excluding the perils of earthquake and flood, unless specifically required by the Limited Partner) to the real property comprising the Project, personal property of the Partnership used to maintain or service the Project, and new construction, additions, alterations and repairs to structures. Policy shall provide for claims to

be paid based upon replacement cost of the lost or damaged property without deduction for depreciation. Limits of policy will be at least the replacement value of the Project (excluding the value of the Land, site utilities, foundations, slabs and underslab plumbing and architectural and engineering expenses). The policy shall have a deductible of no greater than \$25,000 per occurrence. The policy shall carry no coinsurance provisions. Coverage and limits shall be extended to include the actual loss of rents sustained due to an insured loss, for a period of at least twelve months from the date of such loss. Coverage shall be further extended to include debris removal, outdoor trees, shrubs, plants and lawns, and Ordinance or Law coverage for the increased costs of construction and the loss in value of undamaged portions of the building(s), caused by the enforcement of building, zoning or land use law. The policy shall designate the partnership as a Named Insured, and include an endorsement naming the Limited Partner as Loss Payee, as its interests may appear, and as an insured.

8. Upon entering into the Property Management Agreement with the Management Company, the General Partner shall obtain, and maintain in full force and effect, through the term of such Property Management Agreement, the following coverage:

- Fidelity Bond from the Management Company, in an amount and issued by a surety acceptable to the Limited Partner, or alternate crime insurance in amounts, and with coverage, acceptable to the Limited Partner.
- Worker's Compensation insurance for any person or persons considered employees of the Management Agent under applicable state law, covering the Management Agent's full liability for statutory compensation to any person or persons who perform work in, on, or about the Project, and Employer's Liability; Employer's Liability limits shall be at least \$1 million per occurrence.
- Commercial General Liability insurance, insuring for third party claims of legal liability against the management company, and caused by bodily injury, property damage, personal injury or advertising injury, arising out of the activities of the management company, and including the costs to defend such actions brought against the Partnership. Products and Completed Operations coverage shall also be included in the policy. The policy shall include an endorsement adding the Limited Partner as additional insured, and shall be primary coverage for the additional insured, without contribution from other valid insurance policies which may be available to the additional insured. Limits of the policy shall be at least \$1 million per occurrence and \$2 million in the general aggregate. If coverage is provided under blanket policies insuring other locations or activities of the management company,

then the general aggregate must apply to each insured location separately.

- Umbrella/Excess Liability insurance, from the Management Company with, the Commercial General Liability, and Employers Liability policies scheduled as underlying policies. Limits of the policy shall be at least \$3 million per occurrence and in the annual aggregate. The policy shall include the Partnership as additional insured and shall be primary coverage for the additional insured without contribution from other valid insurance policies which may be available to the additional insured.

Other forms or types of insurance may be required by the Limited Partner, lender or other party of interest throughout the term of this agreement (which policies shall include an endorsement naming the Limited Partner as additional insured and/or as loss payee, as its interest may appear).

All insurance policies shall be underwritten by companies licensed to write such insurance in the state in which the Project is located, and shall be rated in the latest A.M. Best's Insurance Rating Guide with a rating of at least A- , and be in a financial category of at least IX. The General Partner shall furnish to the Limited Partner a complete copy of each such policy of insurance required under #1-4 and #7 above and the fidelity bond required under #8 above. If an insurance policy is not available when required, as set forth above, then Certificates of Insurance detailing the policy terms and conditions as noted above shall be provided, but the policies must then be provided within sixty days. All such policies shall provide at least 30 days prior written notice to the Limited Partner of any cancellation of the policy. Notice of the renewal of any policy shall be made at least 10 days prior to the scheduled date of such renewal, and shall be in the form of endorsement to the policy. Notice to the Limited Partner of any replacement of any policy shall be made at least 10 days prior to such replacement, and shall be in the form of a copy of the replacement policy, or by certificate, as noted above. Evidence of insurance under #5-6 above may be provided on a Certificate of Insurance issued to the Partnership and the Limited Partner.

By requiring insurance limits, the Limited Partner does not represent that coverage and limits will necessarily be adequate to protect the Partnership, General Partner, or General Contractor, and such coverage and limits shall not be deemed as a limitation or release of the General Partner's or General Contractor's liability under any indemnification granted to the Limited Partner in this Agreement.

The requirements specified herein shall not be waived by delivery of a certificate or policy to the Limited Partner (or its counsel) not in conformance with these requirements unless these requirements are specifically modified in writing by the Limited Partner.

Exhibit H - Form of Sources and Uses/ Draw Request

Project:																				
Draw:																				
Date:																				
		Permanent	Construction	Approved	Revised Construction	Draw	Draw	Draw	Draw	Draw	Draw	Draw	Draw	Draw	Draw	Completed	%	Balance To Fund Per Revised Construction Budget		
Uses		Budget	Budget	Changes	Budget	#1	#2	#3	#4	#5	#6	#7	#8	#9	#10	To Date				
Land																				
Acquisition																				
Subtotal Acquisition Costs																				
Site Work-Off Site																				
Site Work																				
Construction Costs																				
General Requirements																				
General Overhead																				
Contractor Profit																				
Construction contingency																				
Demolition																				
Subtotal Hard Costs																				
Architect Fees																				
Geotechnical/Engineering																				
Survey																				
GP Legal																				
Professional Fees																				
Appraisal																				
Market Study																				
Cost Certifications																				
Impact Fees																				
Equipment & Furnishings																				
Permits																				
Utility Deposits																				
Relocation																				
Construction Loan Fees																				
Construction Interest																				
Bridge Loan Fees																				
Bridge Loan Interest																				
Bond Costs of Issuance																				
Perm loan fees																				
RE Taxes																				
Construction Insurance																				
Environmental																				
Title & Disbursing																				
Tax Credit Fees																				
Organization Costs																				
Developer Fee																				
Soft Cost Contingency																				
Subtotal Soft Costs																				
Operating Deficit Reserves																				
Additional Operating Reserve																				
Replacement Reserve																				
Marketing/Lease-Up Reserve																				
Subtotal Reserves																				
Grand Total Uses																				

		Permanent	Construction	Approved	Revised Construction	Draw	Draw	Draw	Draw	Draw	Draw	Draw	Draw	Draw	Draw	Draw	Completed	%	Balance To Fund
Sources		Budget	Budget	Changes	Budget	#1	#2	#3	#4	#5	#6	#7	#8	#9	#10	to Date			Per Revised Construction Budget
Construction Loan																			
Soft Financing																			
USBCDC Equity																			
GP/MM Equity																			
Perm Loan																			
Cash from Operations																			
Deferred Development Fee																			
Grand Total Sources																			
Comments:																			

Exhibit I
Form of Annual Operating Budget and Form of Quarterly Income Statement

Project Name:			USB Project ID:				
For Period			For Period				
Beginning:			Ending:				
		USB Income Statement Format *					
		Description of Account	Acct No.				
		Apartments or Member Carrying Charges	5120	\$			
		Tenants Assistance Payments	5121	\$			
Rental		Furniture and Equipment	5130	\$			
Income		Stores and Commercial	5140	\$			
5100		Garage and Parking Spaces	5170	\$			
		Flexible Subsidy Income	5180	\$			
		Miscellaneous (Specify Below)	5190				
		Excess Rent	5190-1	\$			
		Rent Revenue/ Insurance	5190-2	\$			
		Special Claims	5190-3	\$			
		Retained Excess Income	5190-4	\$			
			5190-	\$			
			5190-	\$			
		Master Lease Income	5190-9	\$			
		Total Rent Potential at 100% Occupancy				\$	0
		Apartments	5220	\$			
		Furniture and Equipment	5230	\$			
Vacancies		Stores and Commercial	5240	\$			
5200		Rental Concessions	5250	\$			
		Garage and Parking Spaces	5270	\$			
		Miscellaneous (Specify Below)	5290				
		Gain / (Loss) to Lease (See definition)	5290-1	\$			
			5290-	\$			
			5290-	\$			

		Total Vacancies			\$	0
		Net Rental Revenue Less Vacancies			\$	0
Income		Elderly and Congregate Services Revenue	5300		\$	
5300		Total Service Income (Schedule Attached)			\$	0
		Interest Income - Project Operations	5410		\$	
		Interest Reduction Payments (IRP)	5420		\$	
Financial		Income from Investments - Residual Receipts	5430		\$	
Revenue		Income from Investments - Reserve Replacements	5440		\$	
5400		Income from Investments - Misc. (Specify Below)	5490			
		TIF Income	5490-1		\$	
		Interest Income - Bond Account or Sinking Fund	5490-2		\$	
			5490-		\$	
			5490-		\$	
		Total Financial Revenue			\$	0
		Laundry and Vending	5910		\$	
		NSF and Late Charges	5430		\$	
Other		Damages and Cleaning Fees	5930		\$	
Revenue		Forfeited Tenant Security Deposits	5940		\$	
5900		Other Revenue (Specify Below)	5990			
		Grant Income	5990-1		\$	
		Tenant Utility Reimbursement	5990-2		\$	
		Recovery of Bad Debt	5990-3		\$	
			5990-		\$	
			5990-		\$	
		Total Other Revenue			\$	0
		Advertising	6210		\$	
		Other Renting Expenses	6250		\$	
		Office Salaries	6310		\$	
		Office Supplies	6311		\$	
Administrative		Office or Model Apartment Rent	6312		\$	
Expenses		Management Fee	6320		\$	
6200/6300		Manager or Superintendent Salaries	6330		\$	
		Manager or Superintendent Rent Free Unit	6331		\$	
		Legal Expense (Project)	6340		\$	
		Auditing Expenses (Project)	6350		\$	
		Bookkeeping/Accounting	6351		\$	

		Telephone and Answering Services	6360	\$			
Administrative		Bad Debt Expense	6370	\$			
Expenses		Misc. Administrative Expenses (Specify Below)	6390				
6200/6300		Cable TV / Internet Expenses	6390-1	\$			
			6390-	\$			
			6390-	\$			
		Master Lease Expense	6390-9	\$			
		Total Administrative Expenses				\$	0
		Fuel Oil/Coal	6420	\$			
		Electricity (Light and Misc Power)	6450	\$			
Utilities		Water	6451	\$			
6400		Gas	6452	\$			
		Sewer	6453	\$			
		Waste Water Treatment	6490-1	\$			
		Total Utilities Expense				\$	0
		Janitor and Cleaning Payroll	6510	\$			
		Janitor and Cleaning Supplies	6515	\$			
		Janitor and Cleaning Contract	6517	\$			
		Exterminating Payroll	6519-1	\$			
		Exterminating Contract	6519-2	\$			
		Exterminating Supplies	6520	\$			
		Garbage and Trash Removal	6525	\$			
		Security Payroll	6530-1	\$			
		Security Contract	6530-2	\$			
Operating and		Grounds Payroll	6535	\$			
Maintenance		Grounds Supplies	6536	\$			
6500		Grounds Contract	6537	\$			
		Repairs Payroll	6540	\$			
		Repairs Material	6541	\$			
		Repairs Contract	6542	\$			
		Elevator Maintenance/Contract	6545	\$			
		Heating/Cooling Repairs and Maintenance	6546	\$			
		Swimming Pool Maintenance/ Contract	6547	\$			
		Snow Removal	6548	\$			
		Decorating Payroll	6560-1	\$			
		Decorating Contract	6560-2	\$			
		Decorating Supplies	6561	\$			

	Vehicle Maint., Equip Operations, Repairs	6570	\$			
	Misc. Operating and Maintenance Expenses	6590	\$			
	Total Operating and Maintenance Expenses				\$	0
	Real Estate Taxes	6710	\$			
	Payroll Taxes (FICA)	6711	\$			
Taxes and	Misc. Taxes, Licenses and Permits	6719	\$			
Insurance	Property and Liability Insurance	6720	\$			
6700	Fidelity Bond Insurance	6721	\$			
	Workmens Compensation	6722	\$			
	Health Insurance & Other Benefits	6723	\$			
	Other Insurance	6729	\$			
	Total Taxes and Insurance				\$	0
	Interest on Bonds Payable	6810	\$			
	Interest on Mortgage Payable	6820	\$			
	Interest on Bridge Loans	6821	\$			
Financial	Interest on Accrued Expenses	6822	\$			
Expenses	Interest On Developer Fees	6823	\$			
6800	Interest on Notes Payable (Short Term)	6830-1	\$			
	Interest on Notes Payable (Surplus Cash)	6835-1	\$			
	Interest on Notes Payable (Long Term)	6840-1	\$			
	Interest on Notes Payable # 1 (Surplus Cash)	6845-1	\$			
	Interest on Notes Payable # 2 (Surplus Cash)	6845-2	\$			
	Interest on Notes Payable # 3 (Surplus Cash)	6845-3	\$			
	Interest on Notes Payable # 4 (Surplus Cash)	6845-4	\$			
	Interest on Notes Payable # 5 (Surplus Cash)	6845-5	\$			
	Mortgage Ins. Premium Service Charge	6850	\$			
	Miscellaneous Financial Expenses	6890	\$			
	Total Financial Expenses				\$	0
	Dietary Salaries	6930	\$			
	Food	6932	\$			
	Dietary Supplies	6933	\$			
	Registered Nurses Payroll	6940	\$			
	Licensed Practical Nurses Payroll	6941	\$			
Elderly and	Other Nurses Salaries	6942	\$			
Congregate Service	Housekeeping Salaries	6950	\$			
Expenses	Housekeeping Supplies	6951	\$			
6900	Other Housekeeping	6952	\$			

		Drugs and Pharmaceuticals	6960	\$			
		Medical Salaries	6961	\$			
		Other Medical	6962	\$			
		Laundry and Linen	6970	\$			
		Recreation and Rehabilitation	6980	\$			
		Other Services Expense	6990	\$			
		Total Elderly & Congregate Service Expenses				\$	0
		Total Cost of Operations Before Depreciation and Amortization				\$	0
		Profit (Loss) Before Depreciation & Amortization				\$	0
		Depreciation	6600			\$	
		Amortization	6690			\$	
		Operating Profit or (Loss) after Depreciation and Amortization				\$	0
		Officer Salaries (Entity)	7110	\$			
		Legal Expenses (Entity)	7120	\$			
Corporate or		Taxes Federal-State-Other (Entity)	7130-7132	\$			
Mortgagor Entity		Other Expenses (Entity) (Specify Below)	7190				
Expenses		Compliance Fees	7190-1	\$			
7100		Asset Management Fee	7190-2	\$			
			7190-	\$			
			7190-	\$			
		Other Expenses (Surplus Cash) (Specify Below)	7200				
		Partnership Management Fee	7200-1	\$			
		Incentive Management Fee	7200-2	\$			
			7200-	\$			
			7200-	\$			
		Total Corporate Expenses				\$	0
		Net Profit or (Loss)				\$	0
*	Format based upon HUD Guidelines with modifications						
		Annual Principal Payments Requirement				\$	
		Annual Interest Payments Requirement				\$	
		Annual Replacement Reserve Requirement per Partnership Agreement				\$	
Supplemental		Actual Replacement Reserve Funded				\$	
Information		Replacement Reserve Releases included as expenses on this Profit and					
		Loss Statement (i.e. Capital Expenditures)				\$	
		Non-Operating Income / (Expense) (Specify Below)				\$	
						\$	

			\$	
			\$	
		New, Restated, or Refinanced Loan and/or Bond Documents		
Required		Notification of Real Estate Tax Abatement or most recent Paid Tax Receipt		
Documents		Attach corresponding Balance Sheet for Period Ending		
		Attach corresponding Rent Roll for Period Ending		

Exhibit J
Form of Quarterly Balance Sheet

Project Name:			USB Project ID:			
For Period			For Period			
Beginning:			Ending:			
		HUD Balance Sheet Format *				
	Acct No.	Description of Account				
	1110	Petty Cash	\$			
	1120	Cash in Bank	\$			
	1130	Tenant/ Member Accounts Receivable	\$			
	1130-1	Less: Allowance for Doubtful Accounts	\$			
Current Assets	1135	Accounts Receivable – HUD	\$			
	1140	Accounts Receivable – Other	\$			
1000	1141	Accounts Receivable – TIF	\$			
	1142	Accounts Receivable - Related Party	\$			
	1150	Notes Receivable	\$			
	1151	Notes Receivable - Related Party	\$			
	1160	Accrued Receivables	\$			
	1170	Investments (Short-term)	\$			
	1190	Miscellaneous Current Assets	\$			
	1191	Tenant Security Deposits - Held in Trust	\$			
	1192	Other Deposits	\$			
Total Current Assets				\$		0
	1210	Fuel Inventory	\$			
	1220	Gasoline and Oil Inventory	\$			
Prepaid Expenses	1230	Supplies Inventory	\$			
	1240	Prepaid Property & Liability Insurance	\$			
1200	1250	Prepaid Mortgage Insurance	\$			
	1260	Prepaid Advertising	\$			
	1270	Prepaid Taxes	\$			
	1290	Miscellaneous Prepaid Expenses	\$			
Total Prepaid Expenses				\$		0
	1300-1	Tax & Insurance Escrow	\$			
	1320	Replacement Reserve – Cash	\$			
	1321	Replacement Reserve – Securities	\$			
	1330	Painting Reserve – Cash	\$			
	1331	Painting Reserve – Securities	\$			
Funded Reserves	1340	Residual Receipts Reserve – Cash	\$			
	1341	Residual Receipts Reserve – Securities	\$			
1300	1350	General Reserve – Cash	\$			
	1360	General Reserve – Securities	\$			
	1365	Operating Reserve	\$			
	1370	Apartment Rehabilitation Deposits	\$			
	1380	Project Improvement Account	\$			

	1390	Other Reserves	\$			
	Total Escrows and Reserves				\$	0
	1410	Land & Land Improvements	\$			
	1420	Buildings & Building Improvements	\$			
Fixed	1430	Building Equipment – Fixed	\$			
Assets	1440	Building Equipment – Portable	\$			
1400	1450	Furniture	\$			
	1460	Furnishings	\$			
	1470	Maintenance Equipment	\$			
	1480	Motor Vehicles	\$			
	1495	Less: Accumulated Depreciation	\$			
	Total Fixed Assets				\$	0
Other	1500	Investments (Long-term)	\$			
	1800	Organization Expenses (net of amortization)	\$			
Assets	1800-1	Syndication Costs	\$			
	1800-2	Financing Fees (net of amortization)	\$			
1500-1900	1900	Other Assets	\$			
	Total Other Assets				\$	0
	Total Assets				\$	0
	2110	Accounts Payable	\$			
	2113	Accounts Payable - Related Party	\$			
	2115	Accounts Payable – HUD	\$			
	2120	Accrued Wages & Payroll Taxes Payable	\$			
	2123	Accrued Property Management Fee	\$			
	2130-1	Accrued Interest Payable- 1st Mortgage / Bond	\$			
	2130-2	Accrued Interest Payable- 2nd Mortgage / Bond	\$			
	2130-3	Accrued Interest Payable- 3rd Mortgage / Bond	\$			
	2135-1	Accrued Interest Payable- Note #1 (Surplus Cash)	\$			
Current	2135-2	Accrued Interest Payable- Note #2 (Surplus Cash)	\$			
Liabilities	2135-3	Accrued Interest Payable- Note #3 (Surplus Cash)	\$			
2100 - 2200	2135-4	Accrued Interest Payable- Note #4 (Surplus Cash)	\$			
	2135-5	Accrued Interest Payable- Note #5 (Surplus Cash)	\$			
	2135-6	Accrued Interest Payable - Developer Fee	\$			
	2135-7	Accrued Interest Payable - Related Party	\$			
	2150	Accrued Property Taxes	\$			
	2160	Notes Payable (Short Term)	\$			
	2160-1	Notes Payable - Related Party (Short-term)	\$			
	2170-1	Mortgage Payable - First Mortgage (Short term)	\$			
	2170-2	Mortgage Payable - Second Mortgage (Short term)	\$			
	2170-3	Mortgage Payable - Third Mortgage (Short term)	\$			
	2170-4	Mortgage Payable - Others (Short term)	\$			
	2180-1	Bond Payable - First Bond (Short term)	\$			
	2180-2	Bond Payable - Second Bond (Short term)	\$			
	2180-3	Bond Payable - Third Bond (Short term)	\$			
	2180-4	Bond Payable - Others (Short term)	\$			
	2190	Miscellaneous Current Liabilities	\$			
	2191	Tenant Security Deposits - Held in Trust (contra)	\$			
	2192	Other Deposits	\$			

	2210	Prepaid Rents	\$				
	2290	Miscellaneous Prepaid Revenues	\$				
	Total Current Liabilities					\$	0
	2300-1	Accrued Developer Fee	\$				
	2300-2	Accrued Asset Management Fee	\$				
	2300-3	Accrued GP Management & Incentive Fee	\$				
	2310	Notes Payable (Long-term)	\$				
	2311	Notes Payable - Surplus Cash (Long term)	\$				
Long-term	2320-1	Mortgage Payable - First Mortgage (Long term)	\$				
Liabilities	2320-2	Mortgage Payable - Second Mortgage (Long term)	\$				
	2320-3	Mortgage Payable - Third Mortgage (Long term)	\$				
	2320-4	Mortgage Payable - Others (Long term)	\$				
2300	2330-1	Bond Payable - First Bond (Long term)	\$				
	2330-2	Bond Payable - Second Bond (Long term)	\$				
	2330-3	Bond Payable - Third Bond (Long term)	\$				
	2330-4	Bond Payable - Others (Short term)	\$				
	2390	Other Long-term Liabilities	\$				
	Total Long-term Liabilities					\$	0
Owners' Equity							
3100	3130	Owners' Equity				\$	0
		Total Liabilities and Owners' Equity				\$	0

Exhibit K
Form of Assignment and Assumption Agreement

Assignment and Assumption Agreement

For good and valuable consideration U.S. Bancorp Community Development Corporation, a Minnesota corporation (“Assignor”), the holder of the Limited Partner interest (the “Interest”) in Pedcor Investments-2016-CLV, Limited Partnership, an Oregon limited partnership (the “Partnership”), under that certain Amended and Restated Agreement of Limited Partnership dated as of January ____, 2018 (the “Partnership Agreement”), between Rosewood Station Housing Company, LLC, an Indiana limited liability company, as the General Partner, The Housing Authority of Clackamas County, an Oregon public body corporate and politic, as the Special Limited Partner, and Assignor as Limited Partner, effective as of the Effective Date, as defined below, hereby assigns, transfers, and conveys to [FUND NAME], a [STATE] [ENTITY] (“Assignee”), all of Assignor’s right, title, and interest in and to its Interest, free and clear of all liens, claims, encumbrances, or restrictions of any kind except those arising under the Partnership Agreement.

Assignor and Assignee each state their intent that, as of [DATE] (the “Effective Date”), Assignee shall become a Substitute Investor Limited Partner in the Partnership in Assignor’s place. In the event that, for any reason whatsoever, Assignee is not recognized as a Substitute Limited Partner, Assignor agrees to exercise its voting rights and other rights under the Partnership Agreement as directed by Assignee.

As of the Effective Date, Assignee hereby assumes all of the obligations of Assignor as limited partner under the Partnership Agreement, Assignee hereby accepts all of the terms and provisions of the Partnership Agreement, and Assignee agrees to become a Substitute Limited Partner in the Partnership in Assignor’s place; provided, however, (i) any distributions or payments from the Partnership, the General Partner, the Special Limited Partner, the Guarantor or their respective Affiliates in connection with a shortfall, loss or recapture of Credits with respect to the period on or before the date of the Effective Date shall be the sole and exclusive property of Assignor, (ii) any distributions or payments from the Partnership, the General Partner, the Special Limited Partner, the Guarantor or their Affiliates in connection with a shortfall, loss or recapture of Credits with respect to the period after the Effective Date shall be the sole and exclusive property of Assignee, (iii) distributions of Cash Flow and Capital Proceeds from the Partnership for the [20__] Fiscal Year shall be pro rated between Assignor and Assignee based upon the number of days each held the Interest during [20__] regardless of when such distributions are actually made by the Partnership, (iv) Assignee shall be liable for the payment to the Partnership of any scheduled Capital Contributions due under the Partnership Agreement after the Effective Date and shall have the right in its sole discretion to accelerate the payment of all or any portion of such Capital Contributions, and (v) the transferred Interest shall not include the right of Assignor and/or its Affiliates to be paid fees by the Partnership as provided in the Partnership Agreement and related investment documents (regardless of whether such fees are payable after the Effective Date or accrued as of the Effective Date) and to be repaid loans and other advances made by Assignor and/or its Affiliates, including interest and penalties (if any) thereon. Notwithstanding anything contained herein to the contrary, Assignor acknowledges and agrees that in the event Assignee fails to pay any Capital Contribution when

due under the Partnership Agreement, Assignor shall pay any such Capital Contribution within ten (10) business days after Notice thereof by the General Partner and Special Limited Partner.

This agreement shall be governed by and construed in accordance with the laws of the State of Delaware.

This Assignment may be executed by the parties in one or more counterparts, each such counterpart shall be deemed an original, and all such counterparts taken together shall constitute one and the same instrument.

Capitalized terms not defined in this Assignment will have the same meanings in this Assignment as in the Partnership Agreement.

This Assignment and Assumption Agreement is dated and effective as of the Effective Date.

ASSIGNOR: U.S. Bancorp Community Development Corporation

By: _____
Name: _____
Title: _____

ASSIGNEE: [FUND NAME]

By: U.S. Bancorp Community Development Corporation, a Minnesota corporation

Its: [_____]

By: _____
Name: _____
Title: _____

Exhibit L
Form of Amendment

**[FIRST] AMENDMENT TO AMENDED AND RESTATED
AGREEMENT OF LIMITED PARTNERSHIP
OF PEDCOR INVESTMENTS-2016-CLV, LIMITED PARTNERSHIP**

RECITALS

THIS [FIRST] AMENDMENT TO THE AMENDED AND RESTATED AGREEMENT OF LIMITED PARTNERSHIP OF PEDCOR INVESTMENTS-2016-CLV, LIMITED PARTNERSHIP (this “First Amendment”) is made and entered into as of [DATE] by and among the undersigned parties.

WHEREAS, Pedcor Investments-2016-CLV, Limited Partnership (the “Partnership”) was formed as a limited partnership under the Act pursuant to a Certificate that was filed with the Secretary of State of Oregon on August 4, 2016. The Partnership had been operating pursuant to a written amended and restated partnership agreement dated August 2, 2016 having Rosewood Station Housing Company, LLC an Indiana limited liability company, as General Partner, and Pedcor Investments, A Limited Liability Company, a Wyoming limited liability company, as the limited partner (the “*Initial Partnership Agreement*”). The Initial Partnership Agreement was as amended by that certain Amended and Restated Agreement of Limited Partnership dated as of January ____, 2018 (the “Restated Agreement”), having Rosewood Station Housing Company, LLC, an Indiana limited liability company, as General Partner; The Housing Authority of Clackamas County, an Oregon public body corporate and politic, as Special Limited Partner; and U.S. Bancorp Community Development Corporation, a Minnesota corporation (“*Withdrawing Limited Partner*”), as the Limited Partner;

WHEREAS, the Partners of the Partnership desire to amend the Restated Agreement to reflect Withdrawing Limited Partner’s assignment of its entire Limited Partner Interest in the Partnership to [FUND NAME], a [STATE] [ENTITY] (the “Fund”), the withdrawal of Withdrawing Limited Partner as the Limited Partner of the Partnership, and the admission of the Fund as a Substitute Limited Partner of the Partnership;

NOW, THEREFORE, in consideration of the foregoing, of the mutual promises of the parties hereto, and of other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto, intending legally to be bound, hereby agree as follows:

1. Effective as of [DATE], Withdrawing Limited Partner hereby assigns, grants, transfers and sets over to the Fund all of Withdrawing Limited Partner’s rights, title and interest as the Limited Partner of the Partnership and withdraws from the Partnership as its Limited Partner and the Fund hereby assumes all of such right, title and interest, and all duties and obligations of the Limited Partner arising from and after the date hereof, including, without limitation, the obligation to pay all unpaid Capital Contributions, as and when payable under the Restated Agreement, as amended hereby; provided, however, that Withdrawing Limited Partner shall remain liable for the amount of its unpaid Capital Contribution obligations to the extent the Fund does not make said Capital Contributions and all indemnifications in its favor set forth in

the Restated Agreement, as amended hereby, shall survive the withdrawal of the Withdrawing Limited Partner pursuant to this first Amendment and may be enforced directly by the Withdrawing Limited Partner following such withdrawal. The Fund is hereby admitted to the Partnership as the Substitute Limited Partner pursuant to Sections 10.1 and 10.2 of the Restated Agreement and shall have the Interest specified on Exhibit A, and further provided that Withdrawing Limited Partner hereby retains its right, title and interest to: (i) all asset management fees payable to the Withdrawing Limited Partner under the Restated Agreement, whether payable following the date hereof or accrued and unpaid as of the date hereof, and (ii) to repayment of all amounts payable to the Withdrawing Limited Partner from loans and other advances (but not Capital Contributions) made to the Partnership prior to the date hereof. The Fund hereby agrees to be bound by all the terms and provisions of the Restated Agreement, as amended by this First Amendment, to the same extent and on the same terms as Withdrawing Limited Partner. The General Partner and Special Limited Partner hereby consent to such assignment and admission of the Fund as the Substitute Limited Partner.

2. The definition of the term “Limited Partner” in Section 2.1 of the Restated Agreement is hereby amended to read as follows:

Limited Partner: **[FUND NAME]**, a **[STATE]** **[ENTITY]**, its successors and permitted assigns, and any Person who becomes a Substitute Limited Partner as provided herein, in each such person’s capacity as a limited partner. If there is more than one limited partner of the Partnership, the term “Limited Partner” shall refer collectively to all such limited partners.

3. The name and address of the Limited Partner in Exhibit A-6 of the Restated Agreement is hereby deleted in its entirety and the following is substituted therefore:

[FUND NAME]
% U.S. Bancorp Community Development
Corporation
USB Project No : 24879
1307 Washington Avenue, Suite 300
Mail Code: SL MO RMCD
St. Louis, MO 63103
Attn.: Director of Syndication
Phone: (314) 335-2600
Fax: (314) 335-2601

with a copy to:

U.S. Bancorp Community Development Corporation
USB Project No : 24879
1307 Washington Avenue, Suite 300
Mail Code: SL MO RMCD
St. Louis, MO 63103
Attn.: Director of Asset Management
Phone: (314) 335-2600
Fax: (314) 335-2601

and

Jill H. Goldstein, Esq.
Kutak Rock LLP
1650 Farnam Street
Omaha, NE 68102
Phone: (402) 346-6000

4. Exhibit A of the Restated Agreement is hereby deleted in its entirety and Exhibit A attached to this First Amendment is substituted therefore.

5. Unless specifically requested by the Fund, the General Partner and Special Limited Partner agree that they will not make any voluntary elections under Sections 743 and 754 of the Code to adjust the basis of the Partnership's property with respect to the Partnership's taxable year ending as of the date hereof.

6. Withdrawing Limited Partner hereby agrees to pay the General Partner's and Special Limited Partner's reasonable incurred legal fees and costs (including reasonable allocated costs of in-house counsel) incurred as a direct result of the transfer of the Interest to the Fund, upon Withdrawing Limited Partner's receipt of evidence of such fees and costs, which evidence may include but it not limited to invoices for such fees and costs.

7. This First Amendment contains the entire understanding between and among the parties and supersedes any prior understandings and agreements between and among them respecting the subject matter of this First Amendment.

8. It is the intention of the parties that all questions with respect to the construction, enforcement and interpretations of this First Amendment and the rights and liabilities of the parties hereto shall be determined in accordance with the laws of the State in which the Partnership is formed, without regard to principles of conflicts of laws.

9. This First Amendment is intended to be performed in accordance with, and only to the extent permitted by, all applicable laws, ordinances, rules and regulations. If any provision of this First Amendment or the application thereof to any Person or circumstance shall, for any reason and to any extent, be invalid or unenforceable, the remainder of this First Amendment and the application of such provision to other Persons or circumstances shall not be affected thereby, but rather shall be enforced to the greatest extent permitted by law. In the event that any provision of this First Amendment or the application thereof shall be invalid or unenforceable, the Partners agree to negotiate (on a reasonable basis) a substitute valid or enforceable provision providing for substantially the same effect as the invalid or unenforceable provision.

10. When entered into by the parties hereto, this First Amendment is binding upon, and inures to the benefit of, the parties hereto and their respective successors and assigns.

11. This First Amendment may be executed in several counterparts, each of which shall be deemed to be an original, and all of which together shall constitute one agreement binding on all parties hereto, notwithstanding that all the parties shall not have signed the same counterpart. This First Amendment may be executed as facsimile or .pdf originals and each copy

of this First Amendment bearing the facsimile or .pdf transmitted signature of any party's authorized representative shall be deemed to be an original.

12. Capitalized terms used herein and not otherwise defined in this First Amendment shall have the meanings ascribed to such terms in the Restated Agreement. The Recitals provisions of this First Amendment are incorporated by reference.

13. The terms and conditions of the Restated Agreement are incorporated by reference and made a part hereof, as if fully set forth herein.

14. Other than the foregoing, all other terms and conditions of the Restated Agreement shall remain in full force and effect and are ratified and confirmed in all respects by the parties hereto.

[SIGNATURE PAGE FOLLOWS]

IN WITNESS WHEREOF, the undersigned parties have hereunto affixed their signatures as of the date first above written.

GENERAL PARTNER:

ROSEWOOD STATION HOUSING COMPANY, LLC, an Indiana limited liability company

By: Pedcor Investments, A Limited Liability Company, a Wyoming limited liability company, its Manager

By: _____
Name: Thomas G. Crowe
Title: Executive Vice President

SPECIAL LIMITED PARTNER

THE HOUSING AUTHORITY OF CLACKAMAS COUNTY, an Oregon public body corporate and politic

By: _____
Name: _____
Title: _____

FUND:

[FUND NAME], a [STATE] [ENTITY]

By _____
Name _____
Title _____

WITHDRAWING LIMITED PARTNER:

U.S. Bancorp Community Development Corporation, a Minnesota corporation

By _____
Name _____
Title _____

By their signatures below, jointly and severally, individually and collectively, Pedcor Development Associates, LLC, Pedcor Investments, A Limited Liability Company, Bruce A. Cordingley, Gerald K. Pedigo, Phillip J. Stoffregen, as guarantors (the "Guarantors"), hereby consent to the execution of this First Amendment and to the admission of the Fund as a Substitute Limited Partner of the Partnership and acknowledge and agree that their joint and several obligations as Guarantor are hereby ratified and confirmed, and remain valid and in full force and effect in accordance with the terms of the Guaranty dated January ____, 2018 and that for purposes of such Guaranty, the term "Partnership Agreement" shall include the Restated Agreement, as amended by all of the terms and provisions of this First Amendment.

GUARANTOR:

**PEDCOR DEVELOPMENT ASSOCIATES,
LLC**

By:

Name: Bruce A. Cordingley
Title: Sole Member

**PEDCOR INVESTMENTS, A LIMITED
LIABILITY COMPANY**, a Wyoming limited
liability company

By:

Name: Thomas G. Crowe
Title: Executive Vice President

Bruce A. Cordingley

Gerald K. Pedigo, by Bruce A. Cordingley, his
attorney in fact

Phillip J. Stoffregen

STATE OF INDIANA)
) SS
COUNTY OF HAMILTON)

On _____, 2018, before me, a notary public, personally appeared Bruce A. Cordingley, the sole member of Pedcor Development Associates, LLC, an Indiana limited liability company, to me known to be the person who executed the foregoing instrument on behalf of said companies and acknowledged to me that he executed the same of his own free will for the purposes stated therein.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed my official seal in the location aforesaid, the day and year first above written.

Notary Public

My commission expires:

STATE OF INDIANA)
) SS
COUNTY OF HAMILTON)

On _____, 2018, before me, a notary public, personally appeared Thomas G. Crowe, Executive Vice President of Pedcor Investments, A Limited Liability Company, a Wyoming limited liability company, to me known to be the person who executed the foregoing instrument on behalf of said company and acknowledged to me that he executed the same of his own free will for the purposes stated therein.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed my official seal in the location aforesaid, the day and year first above written.

Notary Public

My commission expires:

STATE OF INDIANA)
) SS
COUNTY OF HAMILTON)

On _____, 2018, before me, a notary public, personally appeared Bruce A. Cordingley, to me known to be the person described in and who executed the foregoing instrument, and acknowledged to me that he executed the same as his free act and deed.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed my official seal in the location aforesaid, the day and year first above written.

Notary Public

My commission expires:

STATE OF INDIANA)
) SS
COUNTY OF HAMILTON)

On _____, 2018, before me, a notary public, personally appeared Bruce A. Cordingley as attorney in fact for Gerald K. Pedigo, to me known to be the person described in and who executed the foregoing instrument, and acknowledged to me that he executed the same as his free act and deed.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed my official seal in the location aforesaid, the day and year first above written.

Notary Public

My commission expires:

STATE OF INDIANA)
) SS
COUNTY OF HAMILTON)

On _____, 2018, before me, a notary public, personally appeared Phillip J. Stoffregen, to me known to be the person described in and who executed the foregoing instrument, and acknowledged to me that he executed the same as his free act and deed.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed my official seal in the location aforesaid, the day and year first above written.

Notary Public

My commission expires:

Exhibit A

**Partners; Percentage Interests;
Capital Contribution**

Partnership:

Employer Identification No. 61-1799176

	<u>Percentage Interests</u>	<u>Capital Contributions*</u>
<u>General Partner:</u>		
Rosewood Station Housing Company, LLC	0.005%	\$50
Employer Identification No. 81-3437162		
<u>Special Limited Partner:</u>		
The Housing Authority of Clackamas County	0.005%	\$50
Employer Identification No. 93-6001542		
<u>Limited Partner:</u>		
U.S. Bancorp Community Development Corporation	99.99%	\$[23,105,000]
Employer Identification No. 41-1917892		
<hr/>		
TOTALS	100%	\$[23,105,100]

*The Capital Contributions of the General Partner, the Special Limited Partner and the Limited Partner will be payable as described on Exhibit A-1 of the Restated Agreement. The Limited Partner's Capital Installments, as described on Exhibit A-1, are due on the later of the applicable Capital Installment Due Date or ten (10) business days after the General Partner gives the Capital Installment Notice (Exhibit A-2), accompanied by all documentation required in connection therewith, acceptable to the Limited Partner. In addition, the Limited Partner's Capital Contributions are subject to deferral and reduction as provided in the Restated Agreement.

Exhibit M-1

PLEDGE AND SECURITY AGREEMENT [General Partner]

THIS PLEDGE AND SECURITY AGREEMENT (this "Agreement"), made as of January ____, 2018 by Rosewood Station Housing Company, LLC, an Indiana limited liability company, having an office at c/o Pedcor Investments, One Pedcor Square, 770 3rd Avenue S.W., Carmel, IN 46032 (the "Pledgor") for the benefit of U.S. Bancorp Community Development Corporation, a Minnesota corporation its successors and/or assigns, ("Pledgee"), having an office at 1307 Washington Avenue, Suite 300, St. Louis, Missouri 63103.

Recitals

WHEREAS, Pledgor is the General Partner in Pedcor Investments-2016-CLV, Limited Partnership., an Oregon limited partnership (the "Partnership"), and the Partnership is governed by its Amended and Restated Agreement of Limited Partnership dated as of even date herewith (the "Partnership Agreement") (capitalized terms not otherwise defined herein shall have the definitions given them in the Partnership Agreement).

WHEREAS, Pledgee is a limited partner of the Partnership; and

WHEREAS, in order to secure the full payment and performance by Pledgor of all of Pledgor's obligations, duties, guaranties, indemnities, expenses and liabilities under or in connection with the Partnership Agreement, as such Partnership Agreement may be now or hereafter amended, modified or restated, are collectively referred to herein as the "Obligations"), Pledgor is entering into this Agreement for the benefit of Pledgee.

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

1. Definitions.

(a) "Collateral" shall mean:

(i) All of Pledgor's right, title and interest in the Partnership, whether now owned or hereafter acquired, including, without limitation, its general partner interest in the Partnership and its right to receive distributions, and payments under the Partnership Agreement, as such Partnership Agreement may be modified from time to time;

(ii) All fees and other amounts to be paid by the Partnership to the Pledgor, whether now owned or hereafter acquired, whether arising under the Partnership Agreement or otherwise, including, without limitation, pursuant to the Partnership Management Agreement;

(iii) All indebtedness of the Partnership to Pledgor of any kind or description, including without limitation, Pledgor's right to receive payment of Operating Deficit Advances or other loans or advances to the Partnership;

(iv) All products and proceeds, whether cash proceeds or noncash proceeds, and products of any and all of the foregoing.

(b) "Event of Default" shall mean an event of default described in Paragraph 8 herein.

2. Pledge of Collateral and Grant of Security Interest Pledgor does hereby unconditionally and irrevocably assign, pledge, convey, transfer, deliver, set over and grant unto Pledgee, its successors and assigns, as security for Pledgor's complete and timely payment and performance of the Obligations, a continuing security interest under the Uniform Commercial Code of the State of Oregon in the Collateral. Pledgor hereby further grants to the Pledgee all rights in the Collateral as are available to a secured party of such collateral under the Uniform Commercial Code of the State of Oregon (being the principal place of business of Pledgor and the location of Pledgor's chief executive office) and, concurrently herewith, shall deliver to Pledgee UCC- 1 Financing Statements suitable for filing in the State of Oregon with respect to the Collateral and agrees, upon request, to deliver any other documents which Pledgee may reasonably request with respect thereto.

3. Delivery to Pledgee.

(a) Upon the occurrence and continuation of an Event of Default and the exercise in writing by the Pledgee of its rights hereunder as to any or all of the Collateral, Pledgor agrees to execute and to cause all other necessary parties, and any successors and assigns thereof, to execute and deliver to Pledgee such other agreements, instruments and documentation as Pledgee may reasonably request, from time to time, to effect the conveyance, transfer, and grant to Pledgee of Pledgor's right, title and interest in and to the Collateral.

(b) If required by Pledgee in writing following the occurrence of an Event of Default, Pledgor agrees and covenants to execute an amendment to the Partnership Agreement in such form as Pledgee may require to reflect the substitution of the party designated by the Pledgee in place of Pledgor as a general partner in the Partnership and Pledgor's withdrawal. Pledgor further agrees to execute and to cause the other Partners of the Partnership (other than the Pledgee) to execute and deliver to Pledgee such other agreements, instruments and documentation as Pledgee may reasonably request from time to time to effectuate such conveyance, transfer, assignment and grant to the party designated by Pledgee of all of Pledgor's right, title and interest in and to the Collateral and to evidence the substitution of the party designated by the Pledgee in place of Pledgor as a general partner in the Partnership (and simultaneous withdrawal of Pledgor as general partner).

4. Proceeds and Products of the Collateral.

(a) Unless and until an Event of Default has occurred and is continuing, Pledgee agrees to forbear in exercising its right to receive all benefits pertaining to the Collateral, and the Pledgor shall be permitted to exercise all rights and to receive all benefits of the Collateral, including, without limitation, the right to exercise all voting, approval, consent and similar rights of Pledgor pertaining to the Collateral, the right to receive all payments due thereunder, proceeds, whether cash proceeds or noncash proceeds, and products of the Collateral and retain and enjoy the same.

(b) Pledgor acknowledges and agrees with the Pledgee, that, unless Pledgee otherwise consents, in Pledgee's sole discretion, Pledgor shall not exercise any voting, approval, consent or other rights with respect to the Collateral at any time (i) after an Event of Default has occurred and is continuing, and (ii) delivery of notice from the Pledgee instructing Pledgor not to exercise any such voting, approval, consent or other rights with respect to the Collateral; provided, however, that Pledgor shall exercise any such right or duties it may have under the Partnership Agreement as general partner with respect to the business affairs of the Partnership as is reasonably necessary to protect and preserve the Collateral, and to fully and timely perform its duties as general partner of the Partnership under the Partnership Agreement and applicable law (the "General Partner Duties") so long as the Pledgor is general partner of the Partnership.

(c) Upon or at any time after an Event of Default has occurred and is continuing, Pledgee, at its option to be exercised in its sole discretion, may exercise all rights and remedies granted under this Agreement, including, without limitation, the right to require the obligors under the Collateral to make all payments due under and to pay all proceeds, whether cash proceeds or noncash proceeds, and products of the Collateral to Pledgee. Upon the giving of any such notice, the security constituted by this Agreement as to the designated Collateral shall become immediately enforceable by the Pledgee, without any presentment, further demand, protest or other notice of any kind, all of which are hereby expressly and irrevocably waived by Pledgor. Pledgor hereby authorizes and directs each respective obligor under the agreements constituting the Collateral, that upon receipt of written notice from Pledgee of an Event of Default by Pledgor hereunder, and Pledgee's determination to exercise its rights as to the Collateral to assign, set over, transfer, distribute, pay and deliver any and all amounts payable under the designated Collateral to Pledgee, at such address as Pledgee may direct, at such time and in such manner as Collateral and such payments, proceeds and products of the Collateral would otherwise be distributed, transferred, paid or delivered to Pledgor. The respective obligors under the agreements constituting the Collateral shall be entitled to conclusively rely on such notice and make all such transfers of payments under the Collateral and pay all such proceeds and products of the Collateral to Pledgee and shall have no liability to Pledgor for any loss or damage Pledgor may incur by reason of said reliance.

5. No Assumption. Notwithstanding any of the foregoing, whether or not an Event of Default shall have occurred, and whether or not Pledgee elects to foreclose on its security interest in any or all of the Collateral as set forth herein, neither the execution of this Agreement,

receipt by Pledgee of any of Pledgor's right, title and interest in and to the Collateral and the payments, proceeds and products of the Collateral, now or hereafter due to Pledgor from any obligor of the Collateral, nor Pledgee's foreclosure of its security interest in any or all of the Collateral, shall in any way be deemed to obligate Pledgee to assume any of Pledgor's obligations, duties, expenses or liabilities under the Collateral, under any agreements constituting the Collateral, as presently existing or as hereafter amended, under any and all other agreements now existing or hereafter drafted or executed or under applicable law (collectively, the "Pledgor's Liabilities"), unless Pledgee or its designee otherwise agrees to assume any or all of Pledgor's Liabilities in writing, with any such assumption being solely of any duties, obligations, expenses and/or liabilities arising after the date of such assumption. In the event of foreclosure by Pledgee of its security interest in any of the Collateral, Pledgor shall remain bound and obligated to perform its Pledgor's Liabilities and Pledgee shall not be deemed to have assumed any of Pledgor's Liabilities, except as provided in the preceding sentence. In the event the entity or person acquiring the Collateral at a foreclosure sale elects to assume Pledgor's Liabilities, such assignee shall agree to be bound by the terms and provisions of the applicable agreement.

6. Indemnification. Pledgor hereby agrees to indemnify, defend and hold Pledgee, its successors and assigns harmless from and against any and all damages, losses, claims, costs or expenses (including reasonable attorneys' fees) and any other liabilities whatsoever that Pledgee or its successors or assigns may incur by reason of this Agreement or by reason of any assignment of Pledgor's right, title and interest in and to any or all of the Collateral.

7. Representations, Warranties and Covenants. In addition to the representations made by Pledgor in the Partnership Agreement, Pledgor makes the following representations and warranties, which shall be deemed to be continuing representations and warranties in favor of Pledgee, and covenants and agrees to perform all acts necessary to maintain the truth and correctness, in all material respects, of the following:

(a) Pledgor owns the Collateral free and clear of any claim, lien or encumbrance, except with respect to the pledge of the Construction Lender in connection with the Bridge Loan (as defined in the Partnership Agreement).

(b) Pledgor has delivered to Pledgee true and complete copies of the Partnership Agreement, the Partnership Management Agreement and any other agreements pertinent to the Collateral, and such agreements are currently in full force and effect and have not been amended or modified except as disclosed to Pledgee in writing.

(c) Pledgor has the full right and title to its interest in the Collateral and has the full power, legal right and authority to pledge, convey, transfer and assign such interest except with respect to the pledge of the Construction Lender in connection with the Bridge Loan. None of the Collateral is subject to any existing or subsequent assignment, claim, lien, pledge, transfer or other security interest of any character except with respect to the pledge of the Construction Lender in connection with the Bridge Loan. or to any attachment, levy, garnishment or other judicial process or to any claim for set-off, counterclaim, deduction or discount. Pledgor shall not, without the prior written consent of Pledgee, which consent may be granted or denied in Pledgee's sole reasonable

discretion, further convey, transfer, set over or pledge to any party any of its interests in the Collateral. Pledgor agrees to (i) warrant and defend its title to the Collateral and the security interest created by this Agreement against all claims of all persons (other than Pledgee and persons claiming through Pledgee and Construction Lender), and (ii) maintain and preserve the Collateral and such security interests.

(d) Pledgor's Employer Identification Number is 46-5754312 and its principal place of business is located at 502 E. Highland Mall Boulevard, Suite 106-B, Austin, TX 78752.

(e) Pledgor agrees that it shall not, without at least thirty (30) days' prior written notification to Pledgee, move or otherwise change its principal place of business.

8. Event of Default. Each of the following shall constitute an Event of Default hereunder:

(a) An Event of Default shall have occurred under the Partnership Agreement or the Partnership Management Agreement, and such default shall not have been cured within any applicable grace period provided therein; or

(b) Any warranty, representation or statement of the Pledgor in this Agreement proves to have been false in any material respect when made or furnished; or

(c) There occurs the issuance of a writ, order of attachment or garnishment with respect to any of the Collateral and such writ, order of attachment or garnishment is not dismissed and removed within fifteen (15) days thereafter; or

(d) A material breach or violation of any covenant or agreement contained herein shall have occurred, which is not cured within ten (10) days after notice has been given to Pledgor by Pledgee.

Any Event of Default under this Agreement shall be an Event of Default by Pledgor under the Partnership Agreement.

9. Remedies.

(a) Upon the occurrence and continuation of an Event of Default, in addition to any and all rights and remedies available to the Pledgee under the Partnership Agreement, Pledgee may by giving notice of such Event of Default, at its option, do any one or more of the following under this Agreement:

(i) Declare any of the Obligations secured hereby which are monetary obligations then payable to be immediately due and payable, whereupon all unpaid amounts on said Obligations shall become immediately due and payable without presentment, demand, protest or notice of any kind; and

(ii) Take possession of all or any of the Collateral, collect, and apply against the Obligations, all payments due, proceeds, whether cash proceeds or noncash proceeds, and products from any obligor under the agreements constituting the Collateral, that would otherwise be paid to the Pledgor; and

(iii) Either personally, or by means of a court-appointed receiver, take possession of all or any of the Collateral and exclude therefrom Pledgor and all others claiming under Pledgor, and thereafter exercise all rights and powers of Pledgor with respect to the Collateral or any part thereof. In the event Pledgee demands, or attempts to take possession of any of the Collateral in the exercise of any rights under this Agreement, Pledgor promises and agrees to promptly turn over and deliver complete possession thereof to Pledgee; and

(iv) Without notice to or demand upon Pledgor, make such payments and do such acts as Pledgee may deem necessary to protect its security interest in the Collateral, including, without limitation, paying, purchasing, contesting or compromising any encumbrance, charge or lien which is prior to or superior to the security interest granted hereunder, and in exercising any such powers or authority to pay all expenses incurred in connection therewith; and

(v) Require Pledgor to take all reasonable actions necessary to deliver such Collateral to Pledgee, or an agent or representative designated by it. Pledgee, and its agents and representatives, shall have the right to enter upon any or all of Pledgor's premises and property to exercise Pledgee's rights hereunder; and

(vi) Foreclose upon any or all of the Collateral under this Agreement as herein provided or in any manner permitted by law, either concurrently or in such order as Pledgee may determine; and sell or cause to be sold in such order as Pledgee may determine, as a whole or in such portions as Pledgee may determine, the Collateral, without affecting in any way the rights or remedies to which Pledgee may be entitled under the other such instruments; and

(vii) Sell or otherwise dispose of any or all of the Collateral at public sale, without having such Collateral at the place of sale, and upon terms and in such manner as Pledgee may determine. Pledgee may be a purchaser at any sale; and

(viii) Exercise any remedies of a secured party under the Uniform Commercial Code of the State of Oregon or any other applicable law; and

(ix) Notwithstanding anything to the contrary contained in this Agreement at any time after an Event of Default has occurred and is continuing, the Pledgee may, by delivering written notice to the Partnership and to the Pledgor, designate its nominee or designee to succeed to all right, title and interest of Pledgor (including, without limitation, the right, if any, to vote on or take any

action with respect to Partnership matters) as a general partner of the Partnership in respect of the Collateral. The Pledgor hereby irrevocably authorizes and directs the Partnership on receipt of any such notice (a) to deem and treat such nominee or designee in all respects as a general partner (and not merely an assignee of a general partner) of the Partnership, entitled to exercise all the rights, powers and privileges (including the right to vote on or take any action with respect to Partnership matters pursuant to the Partnership Agreement, to receive all distributions, to be credited with the capital account and to have all other rights, powers and privileges appertaining to the Collateral to which Pledgor would have been entitled had the Collateral not been transferred to the Pledgee or such nominee or designee), and (b) to file an amended certificate of partnership, if required, admitting such nominee or designee, as general partner of the Partnership in place of Pledgor; and

(x) The rights granted to the Pledgee under this Agreement are of a special, unique, unusual and extraordinary character. The loss of any of such rights cannot reasonably or adequately be compensated by way of damages in any action at law, and any material breach not otherwise cured by Pledgor of any of Pledgor's covenants, agreements or obligations under this Agreement will cause the Pledgee irreparable injury and damage. In the event of any such breach, the Pledgee shall be entitled, as a matter of right, to injunctive relief or other equitable relief in any court of competent jurisdiction to prevent the violation or contravention of any of the provisions of this Agreement or to compel compliance with the terms of this Agreement by Pledgor. The Pledgee is absolutely and irrevocably authorized and empowered by Pledgor to demand specific performance of each of the covenants and agreements of Pledgor in this Agreement. Pledgor hereby irrevocably waives any defense based on the adequacy of any remedy at law which might otherwise be asserted by Pledgor as a bar to the remedy of specific performance in any action brought by the Pledgee against Pledgor to enforce any of the covenants or agreements of Pledgor in this Agreement.

(b) Unless the Collateral is perishable or threatens to decline speedily in value or is of a type customarily sold on a recognized market, Pledgee shall give Pledgor at least ten (10) days' prior written notice of the time and place of any public sale of the Collateral subject to this Agreement or other intended disposition thereof to be made. Such notice shall be conclusively deemed to have been delivered to Pledgor at the address set forth in paragraph 7(c) of this Agreement, unless Pledgor shall notify Pledgee in writing of its change of its principal place of business and provide Pledgee with the address of its new principal place of business.

(c) The proceeds of any sale under Subparagraphs 9(a)(vi) and (vii) above shall be applied as follows:

(i) To the repayment of the costs and expenses of retaking, holding and preparing for the sale and the selling of the Collateral (including actual

reasonable legal expenses and attorneys' fees) and the discharge of all assessments, encumbrances, charges or liens, if any, on the Collateral prior to the lien hereof (except any taxes, assessments, encumbrances, charges or liens subject to which such sale shall have been made);

(ii) To the payment of the whole amount then due and unpaid of the Obligations;

(iii) To the payment of all other amounts then secured hereby; and

(iv) The aggregate surplus, if any, shall be paid to Pledgor in a lump sum, without recourse to Pledgee, or as a court of competent jurisdiction may direct.

(d) Pledgee shall have the right to enforce one or more remedies under this Agreement, successively or concurrently, and such action shall not operate to estop or prevent Pledgee from pursuing any further remedy which it may have, and any repossession or retaking or sale of the Collateral pursuant to the terms hereof shall not operate to release Pledgor until full payment of any deficiency has been made in cash. Further, none of the terms and provisions of this Agreement shall limit, condition or modify in any respect the rights of Pledgee as limited partner and/or the obligations of the Pledgor as general partner under the Partnership Agreement and applicable law, all of which remain in full force and effect and are unaffected hereby. In the event of conflict or inconsistency between this Agreement and the Partnership Agreement, the Partnership Agreement shall prevail.

(e) PLEDGOR ACKNOWLEDGES THAT PLEDGEE MAY BE UNABLE TO EFFECT A PUBLIC SALE OF ALL OR ANY PART OF THE COLLATERAL AND MAY BE COMPELLED TO RESORT TO ONE OR MORE PRIVATE SALES TO A RESTRICTED GROUP OF PURCHASERS WHO WILL BE OBLIGATED TO AGREE, AMONG OTHER THINGS, TO ACQUIRE THE COLLATERAL FOR THEIR OWN ACCOUNT, FOR INVESTMENT AND NOT WITH A VIEW TO THE DISTRIBUTION OR RESALE THEREOF. PLEDGOR FURTHER ACKNOWLEDGES THAT ANY SUCH PRIVATE SALES MAY BE AT PRICES AND ON TERMS LESS FAVORABLE THAN THOSE OF PUBLIC SALES, AND AGREES THAT SUCH PRIVATE SALES SHALL BE DEEMED TO HAVE BEEN MADE IN A COMMERCIALY REASONABLE MANNER AND THAT PLEDGEE HAS NO OBLIGATION TO DELAY SALE OF ANY COLLATERAL TO PERMIT THE ISSUER THEREOF TO REGISTER IT FOR PUBLIC SALE UNDER THE SECURITIES ACT OF 1933. PLEDGOR AGREES THAT PLEDGEE SHALL BE PERMITTED TO TAKE SUCH ACTIONS AS PLEDGEE DEEMS REASONABLY NECESSARY IN DISPOSING OF THE COLLATERAL TO AVOID CONDUCTING A PUBLIC DISTRIBUTION OF SECURITIES IN VIOLATION OF THE SECURITIES ACT OF 1933 OR THE SECURITIES LAWS OF ANY STATE, AS NOW ENACTED OR AS THE SAME MAY IN THE FUTURE BE AMENDED, AND ACKNOWLEDGES THAT ANY SUCH ACTIONS SHALL BE COMMERCIALY

REASONABLE. IN ADDITION, PLEDGOR AGREES TO EXECUTE, FROM TIME TO TIME, ANY AMENDMENT TO THIS AGREEMENT OR OTHER DOCUMENT AS PLEDGEE MAY REASONABLY REQUIRE TO EVIDENCE THE ACKNOWLEDGMENTS AND CONSENTS OF PLEDGOR SET FORTH IN THIS PARAGRAPH.

10. Attorneys Fees. Pledgor agrees to pay to Pledgee, without demand, reasonable and actual attorneys' fees and all costs and other expenses which Pledgee expends or incurs in collecting any amounts payable by Pledgor hereunder or in enforcing this Agreement against Pledgor whether or not suit is filed.

11. Further Documentation. Pledgor hereby agrees to execute, from time to time, one or more financing statements and such other instruments as may be required to perfect the security interest created hereby, including any continuation or amendments of such financing statements, and pay the cost of filing or recording the same in the public records specified by Pledgee.

12. Waiver and Estoppel. Pledgor represents and acknowledges that it knowingly waives each and every one of the following rights, and agrees that it will be estopped from asserting any argument to the contrary: (a) any promptness in making any claim or demand hereunder; (b) any defense that may arise by reason of the incapacity, lack of authority, death or disability of Pledgor or the failure to file or enforce a claim against Pledgor's estate (in administration, bankruptcy or any other proceeding); (c) any defense based upon an election of remedies by Pledgee which destroys or otherwise impairs any or all of the Collateral; (d) the right of Pledgor to proceed against Pledgee or any other person, for reimbursement; and (e) all duty or obligation of the Pledgee to perfect, protect, retain or enforce any security for the payment of amounts payable by Pledgor hereunder.

TO THE FULLEST EXTENT PERMITTED BY LAW, EACH PARTY TO THIS AGREEMENT SEVERALLY, KNOWINGLY, IRREVOCABLY AND UNCONDITIONALLY WAIVES ANY AND ALL RIGHTS TO TRIAL BY JURY IN ANY ACTION, SUIT OR COUNTERCLAIM BROUGHT BY ANY PARTY TO THIS AGREEMENT ARISING IN CONNECTION WITH, OUT OF OR OTHERWISE RELATING TO THIS AGREEMENT.

No delay or failure on the part of Pledgee in the exercise of any right or remedy against Pledgor or any other party against whom Pledgee may have any rights, shall operate as a waiver of any agreement or obligation contained herein, and no single or partial exercise by Pledgee of any rights or remedies hereunder shall preclude other or further exercise thereof or other exercise of any other right or remedy whether contained in this Agreement or in any of the other documents regarding the Obligations, including without limitation the Partnership Agreement. No waiver of the rights of Pledgee hereunder or in connection herewith and no release of Pledgor shall be effective unless in writing executed by Pledgee. No actions of Pledgee permitted under this Agreement shall in any way impair or affect the enforceability of any agreement or obligation contained herein.

13. Independent Obligations. The obligations of Pledgor are independent of the obligations of any other party which may be initially or otherwise responsible for performance or payment of the Obligations, and a separate action or actions for payment, damages or performance may be brought and prosecuted by Pledgee against Pledgor, individually, for the full amount of the Obligations then due and payable, whether or not an action is brought against any other party, whether or not the Pledgee is involved in any proceedings and whether or not the Pledgee or the Pledgor or other person is joined in any action or proceedings.

14. No Offset Rights of Pledgor. No lawful act of commission or omission of any kind or at any time upon the part of Pledgor shall in any way affect or impair the rights of the Pledgee to enforce any right, power or benefit under this Agreement, and no set-off, recoupment, counterclaim, claim, reduction or diminution of any obligation or any defense of any kind or nature which Pledgor has or may have against Pledgee or against any other party shall be available against Pledgee in any suit or action brought by Pledgee to enforce any right, power or benefit under this Agreement.

15. Subordination. For so long as the Bridge Loan is in place, the terms and conditions of this Agreement shall be subordinate to any pledge of the Collateral as detailed within the Bridge Loan documents.

16. Power of Attorney. Pledgor hereby appoints Pledgee as its attorney-in-fact to execute and file on its behalf any financing statements, continuation statements or other documentation required to perfect or continue the security interest created hereby. This power, being coupled with an interest, shall be irrevocable until all amounts secured hereby have been paid, satisfied and discharged in full. Pledgor acknowledges and agrees that the exercise by Pledgee of its rights under this Paragraph 15 will not be deemed a satisfaction of any amounts owed Pledgee unless Pledgee so elects.

17. **GOVERNING LAW. THIS AGREEMENT SHALL BE GOVERNED BY AND CONSTRUED IN ACCORDANCE WITH THE LAWS OF THE STATE OF OREGON WITHOUT REGARD TO PRINCIPLES OF CONFLICTS OF LAW. SUCH PARTIES FURTHER AGREE THAT IN THE EVENT OF DEFAULT, THIS AGREEMENT MAY BE ENFORCED IN ANY COURT OF COMPETENT JURISDICTION IN THE STATE OF OREGON AND THEY DO HEREBY SUBMIT TO THE JURISDICTION OF ANY AND ALL SUCH COURT REGARDLESS OF THEIR PRINCIPAL PLACE OF BUSINESS OR WHERE THIS AGREEMENT MAY BE EXECUTED.**

18. Successors and Assigns. All agreements, covenants, conditions and provisions of this Agreement shall inure to the benefit of and be binding upon the respective successors and assigns of the parties hereto.

19. Notices. Whenever any party hereto shall desire to, or be required to, give or serve any notice, demand, request or other communication with respect to this Agreement, each such notice, demand, request or communication shall be in writing and shall be effective only if the same is delivered by personal service (including, without limitation, courier or express

service) deposited with a nationally-recognized overnight delivery service such as Federal Express for business day delivery (“Overnight Delivery”) or mailed certified or registered mail, postage prepaid, return receipt requested, or sent by telegram to the parties at the addresses shown throughout this Agreement or such other addresses which the parties may provide to one another in accordance herewith. If notice is sent to Pledgee, a copy of such notice shall also be given to Pledgee's counsel, Kutak Rock LLP, 1650 Farnam Street, Omaha, NE 68102 Attention: Jill Goldstein. If notice is sent to Pledgor, a copy of such notice shall also be given to Pledgor’s counsel, Jeremy Buchanan, One Pedcor Square, 770 3rd Avenue, Carmel Indiana, 46032.

Notices delivered personally will be effective upon delivery to an authorized representative of the party at the designated address; notices sent by Overnight Delivery will be effective the next business day after being deposited in Overnight Delivery; notices sent by mail in accordance with the above paragraph will be effective upon execution by the addressee of the Return Receipt Requested.

20. Consent of Pledgor. Pledgor consents to the exercise by Pledgee of any rights of Pledgor in accordance with the provisions of this Agreement.

21. Severability. Every provision of this Agreement is intended to be severable. In the event any term or provision hereof is declared by a court of competent jurisdiction to be illegal or invalid for any reason whatsoever, such illegality or invalidity shall not affect the legality or validity of the balance of the terms and provisions hereof, which terms and provisions shall remain binding and enforceable.

22. Amendment. This Agreement may be modified or rescinded only by a writing expressly relating to this Agreement and signed by all of the parties.

23. Termination. This Agreement shall terminate, and shall be of no further force or effect, and the Collateral shall be released from any lien hereunder, upon the earlier to occur of the performance in full of the Obligations of the Pledgor or upon the mutual written consent of Pledgor and the Pledgee. Pledgor and Pledgee shall cooperate in the preparation and filing of all required documents to terminate all UCC-1s that have been filed with respect to the security interest under this Agreement.

24. Expenses. Pledgor shall pay all reasonable out-of-pocket fees and charges incurred by Pledgee in connection with this Agreement and the transaction contemplated by this Agreement and the documents entered into in connection therewith, including, without limitation, reasonable attorneys' fees incurred by Pledgee.

25. Right to Make Distributions. Except upon the occurrence and during the continuation of an Event of Default, the Pledgor shall have the right without the consent of the Pledgee to make distributions to its members (“Permitted Distributions”) of proceeds of any distributions and payments received by the Pledgor from the Partnership or from any equity contributions of its members. Any such Permitted Distributions shall be free and clear of the lien created by this Agreement.

IN WITNESS WHEREOF, the parties hereto have executed this Pledge and Security Agreement as of the date first above written.

PLEDGOR:

**ROSEWOOD STATION HOUSING
COMPANY, LLC**, an Indiana limited liability
company

By: Pedcor Investments, A Limited Liability
Company, a Wyoming limited liability
company, its Manager

By: _____
Name: Thomas G. Crowe
Title: Executive Vice President

Exhibit N

CERTIFICATE OF OFFICER OF GENERAL PARTNER

The undersigned, being the Manager of Rosewood Station Housing Company, LLC, an Indiana limited liability company and the General Partner of Pedcor Investments-2016-CLV, Limited Partnership, an Oregon limited partnership (the Partnership), does hereby certify to U.S. Bancorp Community Development Corporation, a Minnesota corporation (the Investor Limited Partner), pursuant to the Amended and Restated Agreement of Limited Partnership of the Partnership, dated as of January ____, 2018 (the Partnership Agreement), that as of the end of the preceding fiscal year:

1. All required payments of Project loan indebtedness, real estate taxes and insurance on the Project have been made
2. Copies of paid receipts for taxes and insurance are attached hereto
3. If applicable, to the best knowledge of such officer, no material default has occurred and is continuing with respect to any mortgage financing relating to the Project
4. If such Officer is unable to certify to any of the foregoing, state the reason for such inability and the action, if any, taken or proposed to be taken by the General Partner relating thereto, accompanied by proof of payment of property taxes and insurance for such fiscal year, and, upon request of Limited Partner, confirmation from applicable Project mortgage lenders of no payment default or other default of which such mortgage lender is aware under such mortgage loans;

Capitalized terms not defined herein shall have the meanings given to them in the Partnership Agreement.

IN WITNESS WHEREOF, the undersigned has executed this certificate this ____ day of _____, 2018.

**ROSEWOOD STATION HOUSING
COMPANY, LLC**, an Indiana limited liability
company

By: Pedcor Investments, A Limited Liability
Company, a Wyoming limited liability
company, its Manager

By: _____
Name: Thomas G. Crowe
Title: Executive Vice President

Exhibit O

Plans and Specifications

EXHIBIT P

SCHEDULE OF ASSET MANAGEMENT FEES*

2020	\$10,000
2021	\$10,000
2022	\$10,000
2023	\$10,000
2024	\$10,000
2025	\$11,000
2026	\$11,000
2027	\$11,000
2028	\$11,000
2029	\$11,000
2030	\$12,100
2031	\$12,100
2032	\$12,100
2033	\$12,100
2034	\$12,100

*Note: all figures above subject to accrual pursuant to terms of Section 11.2 hereof and payable as set forth in Exhibit A-5.

EXHIBIT Q

DEBT SERVICE COVERAGE RATIO CALCULATION WORKSHEET

	Property Name		
	Revenue & Expense (By Month)		
	Month 1	Month 2	Month 3
REVENUES			
RENTS RESIDENTIAL			
SCHEDULED RENT REVENUE			
SUBSIDY REVENUE			
GAIN/LOSS OLD LEASE			
CONCESSIONS (Negative)			
TOTAL ACTUAL RENTS	0.00	0.00	0.00
ACTUAL VACANCY LOSS (Negative)			
Net Rent after Vacancy	0.00	0.00	0.00
COMMERCIAL RENTS			
MASTER LEASE INCOME			
CONDO/HOMEOWNER ASSN INCOME			
COMMON AREA MAINTENANCE INCOME			
RESIDENT SERVICES INCOME			
OTHER INCOME			
INTEREST INCOME			
TOTAL OTHER INCOME	0.00	0.00	0.00
EFFECTIVE GROSS INCOME	0.00	0.00	0.00
EXPENSES BEFORE DEBT SERVICE/DEPRECIATION			
Administrative			
Audit And Accounting			
Insurance			
Management Fee			
Real Estate Taxes			
Repairs and Maintenance			
Utilities			
Taxes And Insurance			
Reserves (Required)			
Condo Fee / Homeowner Assn Dues			
Common Area Maintenance Expense			

Master Lease Expense			
Resident Services Expense			
TOTAL EXPENSES	0.00	0.00	0.00
ADJUSTMENTS FOR EXTRAORDINARY ITEMS			
EXTRAORDINARY INCOME (+/-)			
EXTRAORDINARY EXP (+/-)			
ADJUSTED EXPENSES	0.00	0.00	0.00
PROJECTED EXPENSES W/REP RES**			
GREATER OF ACTUAL OR PROJECTED**	\$ -	\$ -	\$ -
ADJUSTED NET OPERATING INCOME	0.00	0.00	0.00
DEBT SERVICE			
FIRST MORTGAGE	\$ -	\$ -	\$ -
SECOND MORTGAGE	\$ -	\$ -	\$ -
THIRD MORTGAGE	\$ -	\$ -	\$ -
	\$ -	\$ -	\$ -
DSCR	#DIV/0!	#DIV/0!	#DIV/0!

FINANCING AGREEMENT

Dated as of April 1, 2017
by and among

PEDCOR INVESTMENTS-2016-CLV, LIMITED PARTNERSHIP,

HOUSING AUTHORITY OF CLACKAMAS COUNTY

P/R MORTGAGE & INVESTMENT CORP.,

INTERNATIONAL CITY BANK, N.A.,
in its capacity as a Purchaser of certain Bonds

and

UNITED FIDELITY BANK, fsb
in its capacity as a Purchaser of certain Bonds and
as Administrative Agent

relating to

HOUSING AUTHORITY OF CLACKAMAS COUNTY
MULTIFAMILY HOUSING REVENUE BONDS
(ROSEWOOD TERRACE APARTMENTS PROJECT),
SERIES 2018?

The amounts payable to Housing Authority of Clackamas County (the "**Issuer**") and other rights of the Issuer (except for Reserved Rights, as defined herein) under this Financing Agreement have been pledged (pursuant to ORS 287A.310) and assigned to secure payment of the Bonds.

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FINANCING AGREEMENT

THIS FINANCING AGREEMENT (the "**Agreement**") is made as of April 1, 2017, by and among **PEDCOR INVESTMENTS-2016-CLV, LIMITED PARTNERHSIP**, an Oregon limited partnership (together with its successors and assigns, the "**Borrower**"), **HOUSING AUTHORITY OF CLACKAMAS COUNTY**, a housing authority of the State of Oregon (together with its successors and assigns, the "**Issuer**"), **P/R MORTGAGE & INVESTMENT CORP.** (together with its successors and assigns, the "**Lender**"), **INTERNATIONAL CITY BANK, N.A.** ("**International**") in its capacity as a purchaser of certain Bonds and **UNITED FIDELITY BANK, fsb** ("**UFB**") in its capacity as a purchaser of certain Bonds (together with their successors and assigns, the "**Purchasers**") and as **Administrative Agent**.

RECITALS

A. The Issuer is authorized under the applicable provisions of Chapters 456 and 287A of the Oregon Revised Statutes, as amended (the "**Act**") to issue revenue bonds for the purpose of providing multifamily residential housing that substantially benefits persons of low income.

B. The Borrower desires to acquire and construct multifamily apartment housing facilities consisting of a total of 212 units, located in the City of Happy Valley, Oregon (the "**Project Facilities**" or the "**Project**"), the acquisition, construction and equipping of which are being financed by the proceeds of the Bonds (hereinafter defined).

C. The Issuer has determined that the public purposes set forth in the Act will be furthered by the issuance, sale and delivery of the Issuer's Multifamily Housing Revenue Bonds (Rosewood Terrace Apartments Project), Series 2017 (the "**Bonds**") in the maximum principal amount of \$_____, to provide funds to finance the costs of the acquisition, construction and equipping of the Project Facilities, by loaning the proceeds of the Bonds to the Borrower in the manner herein described, as effected by the purchase of the Ginnie Mae Certificates as described below.

D. In connection with such financing of the Project Facilities, the Lender will originate a mortgage loan to the Borrower (the "**Senior Mortgage Loan**"); the Senior Mortgage Loan will be insured by the Federal Housing Administration ("**FHA**") of the United States Department of Housing and Urban Development ("**HUD**") pursuant to Section 221(d)(4) of the National Housing Act of 1934, as amended (the "**National Housing Act**"); the Senior Mortgage Loan will be evidenced by the Borrower's promissory note in the original principal amount of \$_____ (the "**Senior Mortgage Note**") in favor of the Lender; the Senior Mortgage Note will be executed by the Borrower.

E. The Senior Mortgage Loan will be secured by a first lien deed of trust (the "**Senior Mortgage**") on the Project Facilities.

F. To reimburse the Lender for advances of the costs of the acquisition, construction and equipping of the Project Facilities and to provide security for the Bonds (other than any Additional Interest, as defined herein), upon the satisfaction of the conditions set forth herein, the Administrative Agent, on behalf of the Purchasers, will deliver proceeds of the Bonds deposited into the Construction Fund to the Lender in exchange for Ginnie Mae Certificates in respective

principal amounts equal to the related Advances (as defined herein) of the Senior Mortgage Loan to the Borrower from the Lender, each of which Ginnie Mae Certificates will be guaranteed as to the timely payment of principal and interest by the Government National Mortgage Association ("**Ginnie Mae**") pursuant to the National Housing Act and the regulations promulgated thereunder.

G. The Purchasers will each purchase an equal principal amount of Bonds and fund identical amounts for drawing upon the principal amount of the Bonds for deposit to the Construction Fund, so that the Administrative Agent (as defined herein) will be in the position to fund the purchase of the Ginnie Mae Certificates in the manner provided herein.

H. The Purchasers have authorized the Administrative Agent to perform those tasks and duties set forth herein for the Administrative Agent in the Administrative Agency Agreement (as defined herein).

I. The Administrative Agent and the Lender shall provide for the delivery of the Ginnie Mae Certificates in such manner as shall assure that the two Purchasers each are registered as owning their respective interests in the Ginnie Mae Certificates.

J. The Administrative Agent shall distribute to each Purchaser its pro rata share of all payments received on the Ginnie Mae Certificates and the Bonds.

K. In order to induce the Purchasers to purchase the Bonds, the Borrower has executed and delivered to the Issuer the Subordinate Mortgage Notes and Subordinate Mortgages pursuant to which the Borrower agrees to pay to the Issuer for the account of the Purchasers the amount of Additional Interest due on the Bonds.

L. The Borrower will execute and deliver to the Issuer the Bond Note, the Subordinate Mortgage Notes and the Subordinate Mortgage.

M. To secure the Bonds, the Issuer shall assign and pledge to the Purchasers the Issuer's right, title and interest in the Financing Agreement, except the Reserved Rights defined herein, the Bond Note, the Subordinate Mortgage Notes and the Subordinate Mortgage and directs that the GNMA Certificates shall be delivered directly to the Purchasers, all as security for the Bonds.

NOW, THEREFORE, IN CONSIDERATION OF THE FOREGOING AND THE UNDERTAKINGS HEREIN SET FORTH AND INTENDING TO BE LEGALLY BOUND, THE BORROWER, THE ISSUER, THE LENDER, THE ADMINISTRATIVE AGENT AND THE PURCHASERS HEREBY AGREE AS FOLLOWS:

ARTICLE I DEFINITIONS

Section 1.1. Definitions. In addition to terms defined elsewhere in this Agreement, the following words and terms as used in this Agreement and the preambles hereto shall have the following meanings unless the context or use clearly indicates another or different meaning or intent.

"**Act**" means the applicable provisions of Chapters 456 and 287A of the Oregon Revised Statutes, as now in effect and as it may from time to time hereafter be amended and supplemented.

"**Act of Bankruptcy**" means the actual notice received by the Administrative Agent or the Purchasers 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 insolvency, reorganization or liquidation proceedings (or similar proceedings) have been instituted by or against the Borrower.

"**Additional Interest**" means the interest due on the Bonds in excess of the Pass-Through Rate. Payment of Additional Interest shall be subject to and payable solely from: (i) advances received by the Borrower subject to that certain Tri-Party Agreement, dated as of _____, _____, by and among, the Borrower, the Issuer and Pedcor Development Associates, LLC (the "Tri-Party Agreement"); and (ii) available Surplus Cash (as defined in the HUD Regulatory Agreement and Sale Proceeds); however, to the extent that Additional interest is payable from Surplus Cash such payments shall be payable only from up to 75% of such available Surplus Cash.

"**Administrative Agency Agreement**" means the Administrative Agency Agreement dated as of the date hereof, between International and UFB.

"**Administrative Agent**" means UFB, acting under the authority granted under the Administrative Agency Agreement, or any successor thereto.

"**Advance**" means any advance of the Senior Mortgage Loan to the Borrower by the Lender.

"**Affiliate**" means, with respect to any designated Person, each Person who directly, or indirectly through one or more intermediaries, controls, or is controlled by, or is under common control with, another designated Person, pursuant to the organizational document(s) of an entity or by other express, written agreement.

"**Agreement**" means this Financing Agreement, dated as of April 1, 2017, by and among the Issuer, Borrower, Lender, the Administrative Agent and Purchasers and any modifications, amendments and supplements thereto permitted hereunder.

"**Approved Investor**" means any investor that is (i) a "qualified institutional buyer" as defined in Rule 144A promulgated by the Securities Exchange Commission under the Securities Act of 1933, as amended, (ii) an "accredited investor" as defined in Rule 501(a)(1), (2), (3), (4), (7) or (8) of Regulation D promulgated by the Securities Exchange Commission under the Securities Act of 1933, as amended, (iii) a custodial trust the sole beneficial owners of which are entities described in clauses (i) and (ii), or (iv) any other investor approved by the Issuer.

"**Authorized Representative**" means one or more individuals duly authorized to bind the Borrower in connection with the administration of the Project Facilities. The initial Authorized Representatives of the Borrower are Phillip J. Stoffregen and Bruce A. Cordingley.

"**Bond Counsel**" means an attorney, or firm of attorneys, nationally recognized and experienced in legal work relating to the financing of facilities through the issuance of tax-exempt bonds, selected by the Issuer and reasonably acceptable to the Administrative Agent.

"**Bond Documents**" means, collectively, the Bonds, the Bond Note, this Agreement, the Bond Purchase Agreements, the Subordinate Mortgage Notes, the Administrative Agency Agreement, the Subordinate Mortgages, the Ginnie Mae Certificates, the Regulatory Agreement, the Tax Certificate and Agreements, and other agreements or instruments relating to, or executed in connection with the issuance and delivery of, the Bonds, including all modifications, amendments or supplements thereto.

"**Bond Loan**" means the loan of the proceeds of the Bonds by the Issuer to the Borrower by the deposit of proceeds of the Bonds from time to time by the Purchasers into the Construction Fund as further described herein.

"**Bond Note**" means the promissory note from the Borrower payable to the order of the Issuer and endorsed to the Purchasers in the form attached hereto as Exhibit B.

"**Bonds**" means the draw-down Bonds authorized under this Agreement.

"**Borrower**" means Pedcor Investments-2016-CLV, an Oregon limited partnership, and its successors and assigns.

"**Business Day**" means any day on which the offices of the Purchasers are open for business and on which The New York Stock Exchange is not closed.

"**Code**" means the Internal Revenue Code of 1986, as amended to the Issue Date, and all applicable regulations (whether proposed, temporary or final) under the Code and the statutory predecessor of the Code, and any official rulings and judicial determinations under the foregoing applicable to the Bonds.

"**Construction Funds**" means the account of that name created pursuant to Section 2.7 of this Agreement.

"**Construction Loan Certificate**" means any Ginnie Mae Certificate, other than the Project Loan Certificate, which represents an Advance of the Senior Mortgage Loan advanced by the Lender to the Borrower, an allocable portion of which will be purchased by the Administrative Agent or its nominee on behalf of each Purchaser.

"**Construction Loan Certificate Maturity Date**" means

"**Control**" (including, with the correlative meanings, the terms "controlling", "controlled by" and "under common control with") means, as used with respect to any Person, the possession, directly or indirectly, of the power to direct or cause the direction of the management and policies of such other Person, or of the Person, whether through contract, stock ownership, partnership interests, membership, voting rights, governing boards, committees, divisions or other bodies with one or more common members, directors, trustees or other managers, or otherwise.

"**Counsel**" means an attorney, or firm of attorneys, admitted to practice law before the highest court of any state in the United States of America or the District of Columbia, including any Bond Counsel.

"**Default**" means an event or condition which is, or which after giving notice or lapse of time or both would be, an Event of Default.

"**Delivery Date**" means _____, as such date may be extended in accordance with Section 2.8(e) hereof, being the latest date for delivery of the Project Loan Certificate to the Administrative Agent or its nominee.

"**Determination of Taxability**" means a determination that the interest accrued or paid on the Bonds is included in gross income of a Purchaser for federal income tax purposes, which determination shall be deemed to have been made upon the occurrence of the first to occur of the following:

(i) the day on which the Borrower is advised in writing by the Commissioner or any District Director of the Internal Revenue Service that the interest on the Bonds is included in the gross income of a Purchaser for federal income tax purposes;

(ii) the day on which the Borrower receives notice from the Administrative Agent in writing that a Purchaser has received (1) a notice in writing that the Internal Revenue Service has issued a statutory notice of deficiency or similar notice to a Purchaser that asserts in effect that the interest on the Bonds received by a Purchaser is included in the gross income of a Purchaser for federal income tax purposes, or (2) an Opinion of Bond Counsel that concludes in effect that the interest on the Bonds is included in the gross income of a Purchaser for federal income tax purposes;

(iii) the day on which there has been issued a public or private ruling of the Internal Revenue Service or a technical advice memorandum issued by the national office of the Internal Revenue Service that the interest on the Bonds is included in the gross income of a Purchaser for federal income tax purposes; or

(iv) the day on which the Borrower is advised in writing by Counsel that a final determination, from which no further right of appeal exists, has been made by a court of competent jurisdiction in the United States of America in a proceeding with respect to which the Borrower has been given written notice and an opportunity to participate and defend that the interest on the Bonds is included in the gross income of a Purchaser for federal income tax purposes;

provided, however, no Determination of Taxability shall occur if the interest on the Bonds or any portion thereof is included in the gross income of a Purchaser for federal income tax purposes solely because the Bonds or any portion thereof were held by a Person who is a Substantial User or a Related Person (unless as a result of an action not permitted by Section 8.10 hereof) or as a result of a change in existing law or regulations.

"**Environmental Laws**" means all Legal Requirements governing or relating to the protection of the environment, natural resources or human health concerning (i) activities at any

of the Project Facilities, (ii) repairs or construction of any improvements at any of the Project Facilities, (iii) handling of any materials at any of the Project Facilities, (iv) releases into or upon the air, soil, surface water or ground water from any of the Project Facilities, and (v) storage, distribution, use, treatment, transport or disposal of any waste at or connected with any activity at any of the Project Facilities, including, without limitation, the Comprehensive Environmental Response, Compensation, and Liability Act of 1980 42 U.S.C. §§ 9601 et seq., as amended from time to time; the Hazardous Materials Transportation Act 49 U.S.C. §§ 5101 et seq., as amended from time to time; the Resource Conservation and Recovery Act 42 U.S.C. §§ 6901 et seq., as amended from time to time; the Federal Water Pollution Control Act 33 U.S.C. §§ 1251 et seq., as amended from time to time; and comparable State laws, statutes and regulations.

"Event of Default" means any of the events specified in Section 9.1 hereof.

"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 Firm Commitment" means the Commitment for Insurance of Advances, to be issued by FHA pursuant to Section 221(d)(4) of the National Housing Act for a mortgage loan on the Project Facilities.

"FHA Insurance" means the insurance of the Senior Mortgage Note by FHA pursuant to Section 221(d)(4) of the National Housing Act.

"Final Endorsement" means the final endorsement of the Senior Mortgage Note by FHA for FHA Insurance.

"Fiscal Year" means the annual accounting year of the Borrower, which currently begins on January 1 in each calendar year for the Borrower.

"GAAP" means generally accepted accounting principles in effect in the United States from time to time, consistently applied.

"General Partner" means Rosewood Terrace Housing Company, LLC, an Oregon limited liability company, authorized to conduct its business in the State, the general partner of the Borrower, together with its successors and assigns.

"Ginnie Mae" 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.

"Ginnie Mae Certificate" means a Construction Loan Certificate or the Project Loan Certificate, as the case may be, each being a mortgage-backed security issued by the Lender and guaranteed as to timely payment of interest, in the case of a Construction Loan Certificate, or of principal and interest, in the case of the Project Loan Certificate, by Ginnie Mae pursuant to the National Housing Act, as amended, and the regulations promulgated thereunder and backed by the Senior Mortgage Loan, which shall be purchased by the Administrative Agent or its nominee on behalf of the Purchasers with the proceeds of the Bonds deposited into the Construction Fund by

the Purchasers. The Ginnie Mae Certificates shall be delivered by the Lender in such form that each Purchaser is recognized as owning its respective share of each Ginnie Mae Certificate. Any reference to a Purchaser owning a Ginnie Mae Certificate shall be deemed to mean the Purchaser's ownership interest in the Ginnie Mae Certificate held by the Administrative Agent or its nominee on behalf of such Purchaser.

"Ginnie Mae Depository" means any securities depository for recording in book entry form ownership interests in Ginnie Mae Certificates, initially the Federal Reserve Bank of New York.

"Ginnie Mae Documents" means the commitments issued by Ginnie Mae to the Lender to guarantee the Ginnie Mae Certificates and all other documents, certifications and assurances executed and delivered by the Lender, Ginnie Mae or the Borrower in connection with the Ginnie Mae Certificates.

"Ginnie Mae Requirements" means all applicable published regulations and requirements of general application of Ginnie Mae.

"Governmental Action" means all permits, authorizations, registrations, consents, certifications, approvals, waivers, exceptions, variances, claims, orders, judgments and decrees, licenses, exemptions, publications, filings, notices to and declarations of or with any Governmental Authority and shall include all permits and licenses required to use, operate and maintain any of the Project Facilities.

"Governmental Authority" means any federal, state, or local governmental or quasi-governmental subdivision, authority, or other instrumentality thereof and any entity asserting or exercising executive, legislative, judicial, regulatory or administrative functions of or pertaining to government.

"Hazardous Substances" means any petroleum or petroleum products and their by-products, flammable explosives, radioactive materials, toxic chemicals and substances, radon, asbestos in any form that is or could become friable, urea formaldehyde foam insulation and polychlorinated biphenyls (PCB), asbestos-containing materials (ACMs), lead-containing or lead-based paint (LBP), radon, medical waste and other bio-hazardous materials and any chemicals, pollutants, materials or substances defined as or included in the definition of "hazardous substances" as defined pursuant to the federal Comprehensive Environmental Response, Compensation and Liability Act, "regulated substances" within the meaning of subtitle I of the federal Resource Conservation and Recovery Act and words of similar import under applicable Environmental Laws.

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

"HUD Regulatory Agreement" means the Regulatory Agreement between the Borrower and HUD with respect to the Project, as the same may be amended or modified from time to time in accordance with its terms.

"HUD Requirements" means, collectively, all applicable provisions and current requirements set forth in (a) the National Housing Act, (b) the United States Housing Act of 1937,

as amended, and/or (c) HUD regulations and HUD rules, handbooks, guides, notices and other similar administrative requirements with respect to HUD mortgage insurance (and Section 8 of the United States Housing Act of 1937, as amended, if applicable) and/or (d) all mortgage letters that apply to the Project, applicable statutes and any regulations issued by the Secretary of HUD that apply to the Project, including all amendments to such statutes and regulations, as they become effective, except that changes subject to notice and comment rulemaking shall become effective only upon completion of the rulemaking process and provided that such future updates, changes and amendments shall be applicable to the Project only to the extent that they interpret, clarify and implement terms in this Agreement rather than add or delete provisions from such document. Handbooks, guides, notices and mortgage letters are available on HUD's official website: <http://portal.hud.gov/hudportal/HUD?src=/resources> or a successor location to that site.

"Improvements" means all buildings and other improvements included in the Project Facilities.

"Indemnified Parties" shall have the meaning given to such term in Section 8.19 of this Agreement.

"Initial Advance" means the first Advance made by the Lender.

"Initial Endorsement" means the initial endorsement of the Senior Mortgage Note by FHA for FHA Insurance.

"International" means International City Bank, N.A., a California banking corporation, with offices in Long Beach, California, as the initial registered owner of a portion of the Bonds, together with its successors and assigns.

"International Bonds" means those Bonds purchased by International.

"International Construction Fund" means the account of that name created pursuant to Section 2.7 of this Agreement.

"Interest Rate" shall mean (i) from the Issue Date through and including the February 15th or August 15th next succeeding the date of Final Endorsement, the Pass-Through Rate, and (ii) commencing on the next succeeding Interest Payment Date thereafter, the LIBOR Based Rate; provided however, that the "Interest Rate" on the Bonds shall be the Pass-Through Rate during any period during which the principal owed on the Bonds, plus Additional Interest, exceeds the Maximum Amount.

"Investor Letter" means a letter substantially in the form set forth in Exhibit C hereto, which form may be modified upon the Issuer's approval of an Approved Investor pursuant to clause (iv) of the definition of Approved Investor.

"Investor Member" means Pedcor Investments, a Limited Liability Company, and its permitted successors and assigns.

"Issue Date" means _____, 2018, the date on which the Bonds are delivered to the Purchasers.

"Issuer" means Housing Authority of Clackamas County, a housing authority existing under the laws of the State of Oregon, including the Act, or any successor to its rights and obligations under this Agreement.

"Legal Requirements" means all statutes, codes, laws, ordinances, regulations, rules, policies, or other federal, state, local and municipal requirements of any Governmental Authority whether now or hereafter enacted or adopted, and all judgments, decrees, injunctions, writs, orders or like action of an arbitrator or a court or other Governmental Authority of competent jurisdiction (including those pertaining to the health, safety or the environment).

"Lender" means P/R Mortgage & Investment Corp., or its successors and assigns or, if P/R Mortgage & Investment Corp. loses its status as an FHA approved mortgagee, any other mortgagee approved by FHA and the Issuer, and their respective successors or assigns.

"LIBOR Based Rate" means for any day, a rate of interest per annum equal to the LIBOR Rate plus 0.75%; provided, that the LIBOR Based Rate shall never be less than 3.00% per annum nor more than 8.00% per annum.

"LIBOR Rate" means for each calendar month, the one-month LIBOR Rate quoted by the Administrative Agent from Reuters Screen LIBOR01 Page or any successor thereto designated by the Administrative Agent, which shall be that one-month LIBOR Rate in effect two (2) New York Banking Days prior to the tenth day of each calendar month adjusted for any reserve requirement and any subsequent costs arising from a change in government regulations, such rate rounded up to the nearest one-sixteenth percent and such rate to be reset monthly on the tenth day of each calendar month. The Administrative Agent must provide written notice of the LIBOR Rate prior to the date on which interest is payable on the Bonds based upon the LIBOR Based Rate. The Administrative Agent's internal records of applicable interest rates shall be determinative in the absence of manifest error.

"Lien" means any lien, mortgage, security interest, tax lien, pledge, encumbrance, conditional sale or title retention arrangement, or any other interest in property designed to secure the repayment of indebtedness, whether arising by agreement or under any statute or law, or otherwise.

"Lost Ginnie Mae Certificates" means Ginnie Mae Certificates that are no longer owned by a Purchaser as a result of the sale thereof or the foreclosure of any pledge thereof as contemplated in Section 2.8(d)(2) hereof or otherwise.

"Maturity Date" means _____.

"Maximum Amount" means the replacement cost approved by HUD in connection with the Senior Mortgage Note (\$_____).

"Mortgage Notes" means, together, the Senior Mortgage Note and the Subordinate Mortgage Notes.

"National Housing Act" means the National Housing Act, as amended, and the applicable regulations thereunder.

"Opinion of Bond Counsel" means any opinion of Bond Counsel delivered pursuant to this Agreement with respect to the excludability of interest on the Bonds from gross income of the Purchasers for federal income tax purposes. Each such opinion shall be addressed to the Borrower, the Issuer and the Purchaser. No such opinion delivered pursuant hereto shall be deemed unsatisfactory when required as a condition to any provision hereunder because such opinion states that interest on the Bonds is an item of tax preference, is included in determining alternative minimum taxable income under the Code or is taxable when the Bonds are held by a Substantial User or Related Person.

"Outstanding" means the drawn but unpaid principal portion of the Bonds at any date the principal amount of the Bonds is to be determined.

"Pass-Through Rate" means 2.25% per annum, the rate of interest on the Ginnie Mae Certificates.

"Permitted Encumbrances" means only:

(i) the HUD Regulatory Agreement, the Regulatory Agreement, the Senior Mortgage, and the Subordinate Mortgages;

(ii) impositions not yet due and payable or being contested in good faith and by appropriate proceedings promptly initiated and diligently conducted if such proceedings do not in the opinion of the Lender and HUD involve the risk of the sale, forfeiture or loss of the property subject to such lien or interfere with the operation of the Project Facilities, and provided that the Borrower shall have established a reserve or made other appropriate provision, if any, as shall be required by the Administrative Agent, and any foreclosure, distraint, sale or other similar proceedings shall have been effectively stayed;

(iii) liens of carriers, warehouseman, mechanics and materialmen incurred in the ordinary course of business for sums not yet due or being contested by appropriate proceedings promptly initiated and diligently conducted if such proceedings do not in the opinion of the Lender and HUD involve the risk of the sale, forfeiture or loss of the property subject to such lien or interfere with the operation of the Project Facilities, and provided that such liens have been bonded or the Borrower shall have established a reserve or made other appropriate provision, if any, as shall be required by the Administrative Agent; and

(iv) other matters of title approved in writing by the Lender and HUD, including the exceptions listed in the pro forma mortgagee's title insurance policy issued on the Issue Date.

"Permitted Investments" means any investment, if and to the extent the same is then a legal investment under the applicable laws of the State, and approved by the Administrative Agent.

"Person" means any individual, for-profit or not-for-profit corporation, partnership, joint venture, association, limited liability company, limited liability partnership, joint-stock company, trust, unincorporated organization or government or any agency or political subdivision thereof.

"Project" or **"Project Facilities"** means the multifamily apartment housing facilities consisting of a total of 212 units, to be located in the City of Happy Valley, Oregon, the acquisition, construction and equipping of which are being financed by the proceeds of the Bonds.

"Project Costs" means the costs, fees, and expenses associated with the acquisition, construction and equipping of the Project Facilities for use as affordable rental housing including but not limited to the cost of materials, appliances, equipment, and other items of tangible personal property, the fees and expenses of architects, contractors, engineers, attorneys, accountants, developers, surveyors, and the payment of certain costs and expenses incidental to the issuance of the Bonds.

"Project Loan Certificate" means the Ginnie Mae Certificate issued after the Senior Mortgage Loan is finally endorsed for FHA Insurance.

"Project Site" means the land described in *Exhibit F* on which the Project will be developed, _____ Street, Happy Valley, Oregon _____.

"Purchasers" means both UFB and International, as the initial purchasers of the Bonds, and any successors or assigns thereof and "Purchaser" means either UFB or International and any successor or assign.

"Qualified Project Costs" means the actual costs incurred to acquire, construct, furnish and equip the Project Facilities which (i) except for preliminary expenditures incurred prior to the commencement of acquisition, construction, furnishing and equipping of the Project Facilities that do not exceed 20% of the aggregate issue price of the Bonds that will finance Project Costs and other amounts that do not exceed the lesser of \$100,000 or 5% of the proceeds of the Bonds, are or were incurred after October 19, 2016, (ii) are (A) chargeable to the Project Facilities' capital account or would be so chargeable either with a proper election by the Borrower or but for a proper election by the Borrower to deduct such costs, within the meaning of Treasury Regulation Section 1.103-8(a)(1), and if charged or chargeable to the Project Facilities' capital account are or would have been deducted only through an allowance for depreciation or (B) made for the acquisition of land, to the extent allowed in Section 147(c) of the Code and (iii) are made exclusively with respect to a "qualified residential rental project" within the meaning of Section 142(d) of the Code.

"Rebate Amount" shall have the meaning given to such term in Section 8.10 of this Agreement.

"Rebate Report" shall have the meaning given to such term in Section 8.10 of this Agreement.

"Receiving Participant" shall have the meaning given to such term in Section 2.7(c) of this Agreement.

"Regulatory Agreement" means the Regulatory Agreement and Declaration of Restrictive Covenants, dated as of April 1, 2017, between the Issuer, the Borrower and the Administrative Agent, as such agreement may be amended, modified or supplemented from time to time.

"Related Person" with reference to any Substantial User, means a "related person" within the meaning of Section 147(a)(2) of the Code.

"Reserved Rights" means the rights of the Issuer pursuant to Sections 2.6, 3.1(b)(3), 3.1(c), 4.2, 8.7, 8.9, 8.19, 9.7, 10.5 and 10.13 of this Agreement and the rights of the Issuer pursuant to other sections of this Agreement providing that notices, reports and other statements be given to the Issuer and that specified consents be obtained from the Issuer.

"Sale Proceeds" means any proceeds derived from the sale or refinancing of the Project Facilities after repayment of the Senior Mortgage Note and any other prior obligations owed by the Borrower prior to the payment on the Bonds.

"Senior Mortgage" means the Multifamily Deed of Trust, Assignment of Leases and Rents and Security Agreement from the Borrower in favor of a trustee for the benefit of the Lender, as the same may be amended or modified from time to time.

"Senior Mortgage Loan" means the loan from the Lender to the Borrower to be evidenced by the Senior Mortgage Note and secured by the Senior Mortgage.

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

"Senior Mortgage Note" means the Note (Multistate) of the Borrower, to be payable to the order of the Lender, including any riders thereto, as the same may be amended or modified from time to time.

"Special Member" means the Housing Authority of Clackamas County or any successor to its rights and obligations under this Agreement.

"State" means the State of Oregon.

"Subordinate Mortgages" means the Second Position Deed of Trust from the Borrower for the benefit of the Issuer, which will be assigned by the Issuer to the Administrative Agent, as the same may be amended or modified from time to time, and the Third Position Deed of Trust from the Borrower for the benefit of the Issuer, which will be assigned by the Issuer to Pedcor Development Associates, L.L.C., as the same may be amended or modified from time to time.

"Subordinate Mortgage Notes" means the Surplus Case Note of the Borrower, to be payable to the order of the Issuer, which will be endorsed by the Issuer to the Administrative Agent, including any riders thereto, as the same may be amended or modified from time to time and the Promissory Note (Authority to Developer) and the Promissory Note (Partnership to Authority) as the same may be amended or modified from time to time.

"Substantial User" means, with respect to any "facilities" (as the term "facilities" is used in Section 144(a) of the Code), a "substantial user" of such "facilities" within the meaning of Section 147(a) of the Code.

"**Surplus Cash**" has the meaning assigned to such term in the HUD Regulatory Agreement

"**Tax Certificate and Agreement**" means the certificates, including all exhibits and attachments thereto, of the Issuer and the Borrower, dated the Issue Date, concerning certain federal tax matters furnished in connection with the initial issuance and delivery of the Bonds.

"**UFB**" means United Fidelity Bank, fsb, with offices in Evansville, Indiana, as an initial registered owner of the Bonds, together with its successors and assigns and as Administrative Agent.

"**UFB Construction Fund**" means the account of that name created pursuant to Section 2.7 of this Agreement.

Section 1.2. Rules of Construction; Time of Day. In this Agreement, unless otherwise indicated, (i) defined terms may be used in the singular or the plural and the use of any gender includes all genders, (ii) the words "hereof", "herein", "hereto", "hereby" and "hereunder" refer to this entire Agreement, and (iii) all references to particular Articles or Sections are references to the Articles or Sections of this Agreement, (iv) the terms "agree" and "agreements" contained herein are intended to include and mean "covenant" and "covenants", (v) the term "including" shall mean "including, but not limited to," and (vi) the terms "best knowledge" or "knowledge" shall mean the actual knowledge (and shall not include constructive knowledge) of the Manager of the General Partner of the Borrower. References to any time of the day in this Agreement shall refer to Eastern Standard Time or Eastern daylight saving time on such day.

ARTICLE II PLAN OF FINANCING

Section 2.1. Issuance of Bonds; Loan of Bond Proceeds. In order to provide funds for payment of costs related to financing the Project Facilities:

(a) The Issuer shall simultaneously with the execution and delivery hereof proceed with the issuance of the Bonds and the making of the Bond Loan to the Borrower. The Bonds are issued as draw-down bonds, and shall be issued as fully registered bonds in substantially the form set forth hereto as Exhibit B, in the maximum aggregate principal amount of \$_____. The proceeds of the Bonds shall be deposited to the UFB Construction Fund or the International Construction Fund as applicable according to the applicable Purchaser's funding, from time to time as provided herein. In accordance with Section 2.8(b) hereof, the Lender shall deliver to the Administrative Agent or its nominee a Construction Loan Certificate in a principal amount equal to an Advance of the Senior Mortgage Loan registered through the Administrative Agent's nominee in the name of each Purchaser for its respective principal amount, and each such deposit of proceeds of the Bonds into the applicable Construction Fund shall be used to reimburse the Lender for such Advance to the Borrower. The Bonds (other than any Additional Interest) will be secured solely by such Construction Loan Certificates and, after the Senior Mortgage Loan is finally endorsed for FHA Insurance, by the Project Loan Certificates. Any Additional Interest on the Bonds will be further secured by the applicable Subordinate Mortgages. Payment of principal and interest on the Bonds shall be made to the Purchasers or assigns, as the registered owner of the Bonds.

Each Purchaser shall be responsible for funding draws on the Bonds to the applicable Construction Fund as requested by the Lender in a pro rata manner based upon their respective principal amount of Bonds held for deposit into the applicable Construction Fund, so that the Administrative Agent is authorized to purchase the Construction Loan Certificates on behalf of both Purchasers. The Administrative Agent and the Lender shall be responsible to provide for the delivery of the Construction Loan Certificates to the Administrative Agent's nominee in such manner as evidences the respective ownership thereof by each Purchaser.

Upon receipt of the payment on the Ginnie Mae Certificates or the payment of Additional Interest, the Administrative Agent shall distribute such payments to each Purchaser on a pro rata basis in respect to the principal amount of the Bonds owned by each Purchaser.

(b) The Bonds shall bear interest payable monthly on the 15th day of each calendar month commencing _____, at the Interest Rate. The Bonds shall be subject to principal amortization in accordance with the principal repayment schedule set forth in Exhibit D hereto, provided, however, if the principal Amortization Schedule for the Senior Mortgage Loan is modified as a result of a reduction to the principal amount of the Senior Mortgage Note pursuant to Section 2.1(g) hereof, the Lender, the Borrower and the Administrative Agent shall agree to modify Exhibit D to conform to the new amortization schedule. The Bonds shall mature on the Maturity Date.

(c) Subject to the satisfaction of all of the terms and conditions set forth in the FHA Firm Commitment, the Senior Mortgage Loan Documents and the HUD Requirements with respect to the Senior Mortgage Loan, and the compliance by the Administrative Agent and the Purchaser with the terms of this Agreement, the Lender agrees to fund Advances under the Senior Mortgage Loan to the Borrower, and promptly deliver a Construction Loan Certificate to the Administrative Agent or its nominee in accordance with Section 2.8(b) hereof in an amount equal to such Advance of the Senior Mortgage Loan registered by the Administrative Agent's nominee in the name of each Purchaser for its respective principal amount upon (1) the Administrative Agent's release of moneys in the Construction Fund to the Lender in an amount equal to the principal amount of such Construction Loan Certificate and (2) the Purchasers' payment (which shall be on a pro rata basis taking into account the principal amount of Bonds owned by each Purchaser) to the Lender of an amount equal to the accrued and unpaid interest on the Construction Loan Certificate from the Purchasers' own moneys, which amount shall be reimbursed to the Purchasers from the first interest paid thereon. Notwithstanding anything to the contrary contained in this Agreement, (i) the Lender shall have no obligation to make the Senior Mortgage Loan unless and until Initial Endorsement has occurred and all other terms and conditions of the FHA Firm Commitment, HUD Requirements and requirements of applicable FHA loan documents have been satisfied, (ii) the Lender shall have no obligation to make any Advance unless and until HUD has insured such Advance by executing an Application for Insurance of Advance of Mortgage Proceeds for such Advance and any other appropriate documentation, and (iii) the Purchasers shall have no obligation to deposit amounts in the Construction Fund and the Administrative Agent shall have no obligation to release such funds unless HUD has insured an Advance in the amount of such deposit (excluding accrued interest) and amounts in the applicable Construction Fund shall not be advanced to the Lender unless, simultaneously with such advance to the Lender, a Construction Loan Certificate in a principal amount equal to such advance is delivered to the Administrative Agent's nominee for the benefit of the Purchasers.

(d) The Borrower agrees to take all actions required of it to cause the Advances to be insured by HUD and the Ginnie Mae Certificates to be promptly issued and delivered as contemplated by subsection (c) of this Section and Section 2.8 hereof, including the funding of all required escrows and reserves.

(e) The Borrower and its General Partner agree to take or cause to be taken all actions necessary to cause the Investor Member to make all equity deposits contemplated by the Borrower's limited partnership agreement and the documents related thereto.

(f) On or prior to the Delivery Date, the Purchasers agree that the Administrative Agent is authorized to make disbursements from the applicable Construction Fund authorized by a payment request form submitted by the Borrower and reasonably acceptable to the Administrative Agent in connection with Exhibit A contemporaneously with the delivery to the Administrative Agent's nominee for the benefit of the Purchasers of the Construction Loan Certificates from the Lender for the related Advances in accordance with Section 2.7 hereof, at which time the Purchasers will fund accrued interest as required in (c) above.

(g) In the event that the Senior Mortgage Note commences amortization prior to the date that the Project Loan Certificate is issued and held by the Purchasers as collateral for the Bonds, the Lender agrees to retain for its own account all payments on the Senior Mortgage Note that represent principal amortization payments thereof which are received prior to the date of issuance of the Project Loan Certificate, and not to pass through such principal amortization payments to the Purchasers; provided, however, that the retention of such principal amortization payments by the Lender shall result in a reduction in the amount of the Project Loan Certificate when issued equal to any such principal amortization payments, and the Purchasers' obligations to draw from the applicable Construction Fund at the time of issuance of the Project Loan Certificate to reimburse the Lender for an Advance shall be reduced by the amount of such principal amortization payments retained by the Lender, at which time the Bonds will be redeemed in part at the principal amount thereof, so that the outstanding principal amount of the Bonds equals the principal amount of the Project Loan Certificate. The Lender agrees not to amend the Senior Mortgage Note to accelerate amortization unless (i) required to do so by HUD or (ii) the Administrative Agent has received an Opinion of Bond Counsel that such amendment will not, in and of itself, adversely affect the excludability of interest on the Bonds from gross income for federal income tax purposes, and HUD permits such amendment.

(h) The Borrower agrees to take all actions required in order that all funds advanced by the Lender under the Senior Mortgage Loan shall be applied to pay, or to reimburse the payment of, costs as described in the certificates of the Borrower in substantially the form of Exhibit A attached hereto.

(i) The Borrower agrees to take or cause to be taken all actions required in order that (i) the Senior Mortgage Loan is fully advanced and all such Advances are insured by HUD, excepting only amounts that HUD determines are not insurable, (ii) the Lender shall have no obligation to make the final Advance unless and until the Senior Mortgage Note is finally endorsed for insurance by HUD and (iii) the Lender is able to issue the Project Loan Certificate prior to the Delivery Date.

(j) The Borrower and Pedcor Investments, A Limited Liability Company, agree to reimburse the Lender for any interest paid by the Lender on the Construction Loan Certificates that is in excess of the interest paid by the Borrower on the Senior Mortgage Note.

Section 2.2. Senior Mortgage Loan to Borrower. The Lender and the Borrower represent, and the Issuer, the Administrative Agent and the Purchasers acknowledge, that the Senior Mortgage Loan is to be insured by FHA pursuant to and in accordance with the provisions of Section 221(d)(4) of the National Housing Act and applicable regulations thereunder, as evidenced by HUD's endorsement of the Senior Mortgage Note evidencing the Senior Mortgage Loan for FHA Insurance; and that the Senior Mortgage Loan will be in the principal amount, will bear interest at the rates, will have a final maturity, will be payable in equal monthly installments of principal and interest and will be subject to prepayment, all as set forth in the Senior Mortgage Note. The Senior Mortgage Loan will be secured pursuant to the Senior Mortgage Loan Documents.

Section 2.3. Sufficiency of Funds. It is anticipated that each Purchaser will fund 50% of the total amount of Advances and, subject to Section 2.8(f), neither Purchaser shall have any obligation to expend funds to purchase any Ginnie Mae Certificates that exceed \$_____ in aggregate principal amount plus accrued interest as provided in Section 2.1(c) above. The Borrower agrees that if the Borrower should pay any costs relating to the acquisition, construction, furnishing or equipping of the Project Facilities other than from the proceeds of the Bonds and Advances, the Borrower shall not be entitled to any reimbursement therefor from the Lender, the Issuer, the Administrative Agent or the Purchasers, and shall not be entitled to any reduction of amounts due under this Agreement. The Issuer, the Administrative Agent and the Purchasers make no warranty, either express or implied, that the moneys to be deposited in the Construction Fund and available for payment of the costs of acquiring the Ginnie Mae Certificates will be sufficient to pay all the costs thereof.

Section 2.4. Failure to Deliver Ginnie Mae Certificates. Any provisions in any other documents to the contrary notwithstanding, in the event the Ginnie Mae Certificates are not delivered to the Administrative Agent or its nominee, to be held as collateral for the Bonds on or before the Delivery Date, as provided in this Agreement, the Administrative Agent and the Purchasers shall have no further obligation to purchase the remaining Ginnie Mae Certificates.

Section 2.5. Investment of Moneys. Any moneys held as part of any fund created under this Agreement shall be invested or reinvested, from time to time, by the Administrative Agent in Permitted Investments. The Borrower has reviewed the provisions hereof, including without limitation those provisions relating to investment of funds held hereunder and the use of such investment earnings, and has reviewed the proposed initial investment of funds held under this Agreement and hereby approves and directs the same.

Section 2.6. Limitation of Issuer's Liability. THE BONDS SHALL BE SPECIAL, LIMITED OBLIGATIONS OF THE ISSUER PAYABLE, AS TO PRINCIPAL AND INTEREST SOLELY FROM THE ASSETS PLEDGED HEREUNDER. THE BONDS SHALL NOT BE A DEBT OR INDEBTEDNESS OF THE STATE OF OREGON, CLACKAMAS COUNTY OR ANY POLITICAL SUBDIVISION OF THE STATE OF OREGON (INCLUDING THE ISSUER), AND NEITHER THE STATE NOR ANY POLITICAL SUBDIVISION THEREOF

SHALL BE LIABLE THEREON, NOR IN ANY EVENT SHALL THE BONDS BE PAYABLE OUT OF ANY FUNDS OR PROPERTIES OTHER THAN THOSE OF THE ISSUER PLEDGED UNDER THIS AGREEMENT. THE BONDS SHALL NOT CONSTITUTE AN INDEBTEDNESS WITHIN THE MEANING OF ANY CONSTITUTIONAL OR STATUTORY DEBT LIMITATION OR RESTRICTION. NEITHER THE STATE NOR ANY POLITICAL SUBDIVISION THEREOF (EXCEPT THE ISSUER FROM THE SOURCES IDENTIFIED HEREIN) SHALL BE LIABLE FOR PAYMENT OF THE BONDS NOR IN ANY EVENT SHALL PRINCIPAL OF AND INTEREST ON THE BONDS BE PAYABLE OUT OF ANY FUNDS OR ASSETS OTHER THAN THOSE PLEDGED TO THAT PURPOSE BY THE ISSUER HEREIN. THE ISSUER HAS NO TAXING POWER.

NO RECOURSE SHALL BE HAD FOR THE PAYMENT OF THE PRINCIPAL OF OR INTEREST ON THE BONDS AGAINST ANY PAST, PRESENT OR FUTURE MEMBER OF THE ISSUER'S GOVERNING BODY, OR THE OFFICERS, COUNSEL, FINANCIAL ADVISORS OR AGENTS OF THE ISSUER, OR OF ANY SUCCESSOR THERETO, UNDER ANY RULE OF LAW OR EQUITY, STATUTE OR CONSTITUTION, AND ALL SUCH LIABILITY IS HEREBY EXPRESSLY WAIVED AND RELEASED AS A CONDITION OF, AND CONSIDERATION FOR, THE EXECUTION AND ISSUANCE OF THE BONDS.

Section 2.7. Construction Fund.

(a) The Administrative Agent shall establish and maintain (i) a special account designated as the "Rosewood Terrace Apartments UFB Construction Fund" shall keep such account segregated and administer such fund in accordance with this Agreement and (ii) a special account designated as the "Rosewood Terrace Apartments International Construction Fund" and shall keep such account segregated and administer such fund in accordance with this Agreement.

(b) The Purchasers shall advance funds under the Bonds for deposit into the applicable Construction Fund from time to time as requested by the Lender or the Administrative Agent, and shall use such funds to reimburse the Lender for Advances of the costs of the acquisition, construction and equipping of the Project Facilities in exchange for Ginnie Mae Certificates as set forth in Section 2.8 hereof. All Ginnie Mae Certificates shall be held by the respective Purchasers in the manner provided herein, subject to the provisions of Section 2.8(d) hereof.

(c) The Purchasers and the Issuer shall treat all principal and interest payments received or in connection with any Ginnie Mae Certificate as payments of principal and interest on the Bonds in repayment of the Bond Loan.

(d) The Lender shall deliver a Ginnie Mae Certificate to the applicable Purchaser or its nominee in an amount equal to each Advance. Each Ginnie Mae Certificate must be registered in the name of each Purchaser or the participant acting on behalf of that Purchaser at the depository for such book-entry designation at the time each Purchaser acquires the Ginnie Mae Certificate as collateral for the Bonds and the following shall apply:

(i) the Purchaser or its nominee (which may be the Administrative Agent) shall be or shall become a participant in the Ginnie Mae Depository or shall have entered into a

custody agreement with respect to the Ginnie Mae Certificate with a participant of the Ginnie Mae Depository (in either case, the "**Receiving Participant**");

(ii) the Receiving Participant shall establish a limited purpose account with the Ginnie Mae Depository for this Agreement to be called the "Limited Purpose Account";

(iii) the Receiving Participant shall deliver an irrevocable instruction to the Ginnie Mae Depository to the effect that all fees arising in connection with the Limited Purpose Account are to be charged to another account maintained by the Ginnie Mae Depository for the Receiving Participant;

(iv) the Ginnie Mae Depository shall deliver a certificate to the Receiving Participant acknowledging that the Ginnie Mae Depository will not charge the specified Limited Purpose Account at all times that the instruction in subparagraph (iii) above remains in effect (with exceptions only for mistake or to secure and repay any advance of principal and interest made by the Ginnie Mae Depository);

(v) there must be evidence from the Ginnie Mae Depository or the Receiving Participant that the Ginnie Mae Depository has made an appropriate entry in its records of the transfer of such book-entry security to the Receiving Participant's account; and

(vi) the Ginnie Mae Certificate has been transferred and received into the Limited Purpose Account free of any payment obligation other than the Administrative Agent's or the Purchasers' obligation to pay the Lender for the Ginnie Mae Certificate in accordance with the terms thereof.

The Lender may rely on representations made by the Purchasers and the Administrative Agent regarding compliance with the foregoing requirements. The provisions of paragraphs (iii), (iv), (v), and (vi) shall not apply if the Administrative Agent receives written evidence from the Ginnie Mae Depository and the Receiving Participant that the Ginnie Mae Depository will not offset its fees against the Receiving Participant's custodial account.

Section 2.8. Acquisition of Ginnie Mae Certificates and Funding of Senior Mortgage Loan Draws.

(a) All Ginnie Mae Certificates issued with respect to the Senior Mortgage Loan shall be dated the first day of the month in which such Ginnie Mae Certificates are issued and shall pay interest on the fifteenth (15th) day of each month commencing the fifteenth (15th) day of the month following the month of the date of issue. Each Construction Loan Certificate shall pay interest to and including the earlier of the last day of the calendar month immediately preceding the Construction Loan Certificate Maturity Date or the day immediately preceding the date on which the Project Loan Certificate is dated. Each Construction Loan Certificate shall mature on the Construction Loan Certificate Maturity Date. Each Ginnie Mae Certificate shall bear interest at the Pass-Through Rate.

(b) (i) With respect to any Advance of the Senior Mortgage Loan funded by the Lender, the Lender shall deliver to the applicable Purchaser or its nominee a Construction Loan Certificate in a principal amount equal to such Advance as security for the Bonds as required by

this Agreement. The Lender or the Borrower shall notify the Administrative Agent and the applicable Purchaser at least two (2) Business Days prior to the date on which the applicable Purchaser is expected to receive a Construction Loan Certificate. Simultaneously with receipt of each Construction Loan Certificate, the Purchasers shall purchase such Construction Loan Certificate from the Lender at a purchase price equal to 100% of the principal amount thereof plus accrued interest thereon. The maximum principal amount of the Construction Loan Certificates purchased shall not exceed the original stated principal amount of the Senior Mortgage Loan and the maximum principal amount of the Bonds.

(ii) The Lender shall use reasonable efforts to deliver the Project Loan Certificate to the Administrative Agent or the Administrative Agent's nominee in exchange for the cancellation of the Construction Loan Certificates as soon as practicable after Final Endorsement; provided, however, that if the principal amount of the Senior Mortgage Loan at Final Endorsement is less than the principal amount of the outstanding Construction Loan Certificates, Borrower shall provide to Lender the amount of such reduction (less funds collected by Lender pursuant to Section 2.1(f) hereof) and upon payment of such amount by Borrower to Lender, if any, the Construction Loan Certificates shall be prepaid by the Lender without the imposition of a prepayment penalty in the amount of such reduction prior to conversion of the Construction Loan Certificates to the Project Loan Certificate and the Purchasers or the Administrative Agent shall apply such difference to redeem or prepay a portion of the outstanding principal amount of the Bonds at the principal amount thereof, so that the principal amount of the Bonds equals the principal amount of the Project Loan Certificate. Subject to receipt of any amount due under the preceding sentence, the Administrative Agent and the Purchasers shall execute and deliver such documents as may be reasonably requested in writing by the Lender to effect the cancellation of the Construction Loan Certificates in exchange for the Project Loan Certificate. Payments of principal on the Senior Mortgage Loan which are made on or before the date of the Project Loan Certificate shall be retained by the Lender, and shall not be paid to the Administrative Agent, the Purchasers or their nominees, and the Purchasers' obligations to purchase Construction Loan Certificates or the Project Loan Certificate shall be reduced by the amount of such principal payments retained by the Lender and the Bonds shall be redeemed or prepaid in the amount of such principal retained by the Lender. The maximum principal amount of the Project Loan Certificate purchased by the Purchasers or their nominee shall not exceed the original stated principal amount of the Senior Mortgage Loan and the maximum outstanding principal amount of the Bonds.

(c) After receipt of the Initial Construction Loan Certificate, the Purchasers shall continue to acquire Construction Loan Certificates as provided for herein, provided that the Purchasers have received (1) all the Construction Loan Certificates representing prior Advances (and all payments due thereon) and (2) the Construction Loan Certificate relating to and in the amount of such Advance (subject to a rounding convention of \$1.00).

(d) (i) Notwithstanding anything to the contrary in this Agreement, the Purchasers (including any Successor Purchaser or Lender Purchaser) shall continue to hold the Ginnie Mae Certificates as collateral for the Bonds in accordance with this Agreement; provided, however that, after all of the buildings comprising the Project Facilities are placed in service for federal income tax purposes, each Purchaser may, from time to time, sell, pledge or dispose of its interest in the

Ginnie Mae Certificates or a portion thereof as security for other obligations of that Purchaser, without approval from the Lender, the Issuer or the Borrower, but with written notice to the Lender, the Borrower and the Issuer.

(ii) A Purchaser shall notify the Lender, the Borrower and the Issuer in writing of any Ginnie Mae Certificate becoming a Lost Ginnie Mae Certificate. In the event there are any Lost Ginnie Mae Certificates, the applicable Purchaser agrees that it shall pay, for the benefit of the Borrower and the Issuer, on the dates scheduled for payment as provided for in this Agreement, an amount equal to the principal and interest payable on the Lost Ginnie Mae Certificates, thereby substituting that Purchaser's guaranty of such payment for the payments that would have been made in respect of the Lost Ginnie Mae Certificates. In addition, the payments received on the remaining Ginnie Mae Certificate or the remaining portion of the Ginnie Mae Certificates shall continue to be distributed to the Purchasers in a pro rata portion based upon the principal amount of the Bonds owned by each Purchaser for which there is no related Lost Ginnie Mae Certificate.

(iii) It is the express intention of the parties to this Agreement that (1) in the event there are Lost Ginnie Mae Certificates, the Bonds will remain Outstanding and will not be deemed redeemed or cancelled or otherwise paid as a result thereof, and (2) the principal balance of the Bonds shall always equal the principal balance of the Ginnie Mae Certificates (including the Lost Ginnie Mae Certificates), with reductions of such principal to be made on a dollar for dollar basis in the amounts and on the dates that payments of principal are made on the Ginnie Mae Certificates (including any Lost Ginnie Mae Certificates by virtue of the payment by that Purchaser of such principal in accordance with Section 2.8(d)(ii) hereof).

(iv) The Purchasers acknowledge that unless there shall be delivered to the Issuer, the Borrower and the Purchasers an Opinion of Bond Counsel to the effect that the change in security provided for in paragraph (ii) of this subsection (d) did not, in and of itself, cause the interest on the Bonds no longer to be excludable from gross income for federal income tax purposes, the portion of the interest on the Bonds attributable to the Lost Ginnie Mae Certificates may no longer represent tax-exempt interest, and the Purchasers expressly agrees that the Opinion of Bond Counsel rendered in connection with the original issuance of the Bonds shall not apply to such interest on the Bonds thereafter.

(e) If the Project Loan Certificate cannot be delivered to the Administrative Agent or its nominee by the Delivery Date, the Delivery Date may be extended as provided in the Trade Agreement dated _____, ____ among each Purchaser, the Lender and Pedcor Investments, A Limited Liability Company in the event Final Endorsement has not occurred and all Construction Loan Certificates have not been delivered to the Purchasers or their nominee on or before the Delivery Date. In order to extend the Delivery Date, the Administrative Agent and the Purchasers must receive, on or before the Delivery Date then in effect, a written request from the Borrower (with the written consent of the Lender) or the Lender for such extension accompanied by an Opinion of Bond Counsel to the effect that such extension will not cause interest on the Bonds to become includable in gross income for federal income tax purposes.

(f) In the event that a Purchaser fails to purchase on one or more occasions any portion of a Construction Loan Certificate (a "Non-Performance") as contemplated in Section 2.8(b)(i) hereof (a "Non-Performing Purchaser"), the Lender shall give immediate notice to the Administrative Agent and the Borrower. In the event of a Non-Performance, the Borrower (provided the Borrower is not in default under this Agreement or the Senior Mortgage Loan Documents) or any of the Purchasers shall have the ability, within ten (10) days from the date of such notice (the "Notice Period"), to identify an eligible person under this Agreement (a "Successor Purchaser") to take assignment of the portion of the Bonds not drawn as a result of the Non-Performance (the "Non-Performing Bonds") upon payment of the principal amount and accrued interest upon the related Construction Loan Certificates (the "Non-Performing CLCs") that were to be owned by the Non-Performing Purchaser. The assignment of such Bonds to the Successor Purchaser shall not include any other portion of the Bonds owned by the Non-Performing Purchaser (the "Performing Bonds") or the related Construction Loan Certificates (the "Performing CLCs"). Upon payment for the Non-Performing CLCs, such Successor Purchaser shall thereafter be considered the Purchaser of the Non-Performing Bonds and the Non-Performing CLCs instead of the Non-Performing Purchaser hereunder and under the Administrative Agency Agreement. The Successor Purchaser shall establish any and all accounts necessary for purchase of the Non-Performing CLCs. Notwithstanding any other section of this Agreement, all remedies against a Non-Performing Purchaser for a Non-Performance are contained in this Section 2.8(f).

Following the expiration of the Notice Period, if no Successor Purchaser has been identified, the Lender shall be permitted to proceed in the manner described in subsections (i) and (ii) below; provided however, that each Successor Purchaser and Lender Purchaser (as defined below) shall continue to hold Ginnie Mae Certificates as collateral for the Bonds held by such Successor Purchaser and/or Lender Purchaser in accordance with this Agreement until such time as all of the buildings comprising the Project Facilities are placed in service for federal income tax purposes:

(i) The Lender may direct a sale of the Non-Performing Bonds (and the Non-Performing CLCs) to the Lender or any affiliate of the Lender (each a "Lender Purchaser" and, in such case, a Successor Purchaser) or any other eligible purchaser under this Agreement which Successor Purchaser shall thereafter be considered the Purchaser of the Non-Performing Bonds (and the Non-Performing CLCs) instead of the Non-Performing Purchaser hereunder and under the Administrative Agency Agreement; and/or

(ii) Upon receipt of an opinion of Bond Counsel that the excludability of interest on the Bonds for federal tax purposes will not be affected, in the event a Lender Purchaser is the Successor Purchaser, the Lender Purchaser may from time to time sell all or any portion of the Non-Performing CLCs at a price in accordance with then current market conditions. In addition, at the election of the Lender Purchaser, the Administrative Agent and the Non-Performing Purchaser shall allow the Lender Purchaser to sell, at a price in accordance with then current market conditions, the Performing CLCs (but only such amount of Performing CLCs which shall make the Lender Purchaser whole as a result of the Non-Performance). Except as provided below, it is the express intention of the parties to this Agreement that in the event of such sale of Performing CLCs and/or Non-Performing CLCs, the Bonds related to such sale of Construction Loan Certificates will remain Outstanding, unless required to be extinguished by law. At the election of the Non-

Performing Purchaser, the Lender Purchaser will either (a) apply the sale proceeds to pay for the principal plus interest due on the Non-Performing Bonds (at which time such Non-Performing Bonds shall be extinguished) or (b) retain sale proceeds equal to the principal plus interest due on the Non-Performing Bonds (however, such amount will not be applied as payment on the Non-Performing Bonds and such Non-Performing Bonds will remain outstanding) and, in both instances, shall transfer to the Non-Performing Purchaser (i) the excess proceeds from such sale, if any, and (ii) any Performing and/or Non-Performing Bonds that continue to be held by the Lender Purchaser. In connection with clause (b) above, such Successor Purchaser shall be obligated to make all future principal and interest payments on such transferred Bonds and none of the Borrower, the Issuer nor the Lender shall be obligated to make such principal and interest payments beginning on such date of transfer in accordance with clause (b) above of any transferred Performing and/or Non-Performing Bonds. The Lender Purchasers, Successor Purchasers and Purchasers each acknowledge that unless there shall be delivered to the Issuer, the Borrower and the applicable Purchasers an Opinion of Bond Counsel to the effect that the change in security provided for in this paragraph does not, in and of itself, cause the interest on the Bonds no longer to be excludable from gross income for federal income tax purposes, the Bonds related to the sale of the Construction Loan Certificates may no longer represent tax-exempt interest, and the Lender Purchasers expressly agree that the Opinion of Bond Counsel rendered in connection with the original issuance of the Bonds shall not apply to such interest on the Bonds related to the sale of the Construction Loan Certificates thereafter.

Upon the purchase of any Bonds by the Successor Purchaser, the Non-Performing Purchaser shall assign and transfer such Bonds and the related Construction Loan Certificates to the Successor Purchaser.

If the Lender Purchaser becomes the Successor Purchaser as described in Section 2.8(f)(i) above and the Lender Purchaser has not agreed to sell the Non-Performing Bonds and/or Non-Performing CLCs to a third party, the Non-Performing Purchaser shall have the right to repurchase the Non-Performing Bonds (and the Performing Bonds, if applicable) at any time after the Non-Performance at a price equal to the principal amount then outstanding, plus any interest accrued thereon. The Non-Performing Purchaser shall thereafter be considered the Purchaser of the Non-Performing Bonds (and the Performing Bonds, if applicable) and the related Non-Performing CLCs (and the Performing CLCs, if applicable) instead of the Successor Purchaser. In addition, the Successor Purchaser, the Non-Performing Purchaser and any other Purchaser may, by providing written notice to the Lender, the Purchasers, the Borrower and the Administrative Agent, elect to make purchases of undelivered Construction Loan Certificates on a pro-rata basis as reasonably determined by such parties. In such event, the Non-Performing Purchaser and the Successor Purchaser shall both be considered Purchasers according to their pro-rata purchasing agreement hereunder and under the Administrative Agency Agreement.

The Purchasers and the Administrative Agent shall take all necessary action so that the Non-Performing Bonds and/or the Performing Bonds shall be assigned and transferred as necessary to reflect the appropriate ownership interests described above.

ARTICLE III PAYMENT OF LOAN

Section 3.1. Amounts Payable.

(a) The Borrower covenants to make payments required by the Mortgage Notes, as and when the same become due. The Borrower covenants that, for so long as the Bonds are Outstanding and except as otherwise contemplated hereby, or as may be required by HUD or Ginnie Mae, it will not execute any amendment to the Senior Mortgage Note or the Subordinate Mortgage Notes that results in a decrease in the amount payable thereunder without the consent of the Administrative Agent. The Issuer and the Borrower shall receive credit for any principal and interest payments due to the Purchasers on the Bonds or due to the Issuer on the Bond Loan, respectively, in the amount and to the extent of payments of principal and interest from or in connection with any Ginnie Mae Certificate delivered to the Administrative Agent or its nominee.

(b) To the extent not paid pursuant to the Mortgage Notes, the Borrower also shall pay, or cause to be paid, as and when the same become due: (1) to the Administrative Agent the expenses reasonably incurred by it as Administrative Agent hereunder, including without limitation the reasonable fees and expenses of its counsel; (2) to the Purchasers the expenses reasonably incurred by them as Purchasers hereunder, including without limitation the reasonable fees and expenses of their counsel and the amount, if any, required to pay the principal of and interest on the Bonds when due; (3) to the Issuer or to any payee designated by the Issuer, all expenses of the Issuer, and its respective agents reasonably incurred at any time related to the Bonds or the Project Facilities or the financing thereof, including, without limitation, legal and advisory fees and expenses incurred in connection with the interpretation, performance, enforcement or amendment of any documents relating to the Project Facilities or the Bonds or in connection with questions or other matters arising under such documents, which amounts described in this clause (3) shall be paid upon demand and in any event no later than thirty (30) days after receipt of request for payment thereof; (4) to Bond Counsel, the reasonable fees and expenses of Bond Counsel incurred after the Issue Date in connection with the Bonds or any Bond Documents at the request of the Issuer, the Administrative Agent, the Purchasers, the Lender or the Borrower; (5) to the rebate analyst any reasonable expenses of calculating the Rebate Amount; (6) to FHA, Ginnie Mae and the Lender all fees and expenses associated with obtaining FHA and Ginnie Mae approvals necessary for the issuance of the FHA Commitment and the Ginnie Mae Certificates; (7) to the Lender, the difference, if any, between the interest due on the Construction Loan Certificate and interest on the Senior Mortgage Note received by the Lender; and (8) to the respective payee, any other expenses payable in accordance with this Agreement. The obligations of the Borrower to pay the amounts due in this subsection (b) shall be payable solely from Surplus Cash.

(c) In addition to the foregoing, the Borrower shall pay to the Issuer on the Issue Date, an issuance fee equal to one and one-half percent (1.5%) of the maximum principal amount of the Bonds.

Without limiting in any way the obligation of the Borrower to pay all expenses described above (including, without limitation, the amount by which any such expenses are reduced as a result of any unscheduled prepayment of the principal amount of the Ginnie Mae Certificates)

payable to the Issuer, the Administrative Agent or the Purchasers, in the event any such expenses or any portion thereof is not paid when due, or is not paid in the amount otherwise due, as a result of any restriction or requirement under the Senior Mortgage Loan Documents, any HUD Requirements or any Ginnie Mae Requirements, then such expenses or portion thereof nonetheless shall be payable on behalf of the Borrower thereafter promptly when permitted by the Senior Mortgage Loan Documents, HUD Requirements and Ginnie Mae Requirements, including, without limitation, from Surplus Cash to the extent permitted by HUD and which remains after payment and repayment of amounts, including, but not limited to fees, advances, loans and expenses as specified in the Borrower's limited partnership agreement.

Section 3.2. Prepayment of Loan; Redemption of Bonds. The Issuer and the Purchasers acknowledge that, subject to the terms of the Senior Mortgage Note, (i) the Borrower shall have the option to prepay the Senior Mortgage Loan in full or in part at any time upon thirty (30) days advance written notice to the Administrative Agent, (ii) the Senior Mortgage Note also is subject to mandatory monthly prepayment and extraordinary mandatory prepayment, but only in accordance with the provisions of the Senior Mortgage Note, and (iii) the Bonds are subject to optional redemption upon optional prepayment of the Senior Mortgage Loan, mandatory sinking fund redemption upon the mandatory monthly prepayment of the Senior Mortgage Loan and extraordinary mandatory redemption upon the extraordinary mandatory prepayment of the Senior Mortgage Loan. Any prepayment premium payable by the Borrower pursuant to the Senior Mortgage Note in connection with any such prepayment shall be paid to the owner or owners of the Ginnie Mae Certificates, and shall constitute a redemption premium on the Bonds to the extent the owner or owners of the Bonds are also the owner or owners of the Ginnie Mae Certificates.

Section 3.3. Absolute Obligations of Borrower.

(a) The obligation of the Borrower to make payments on the Mortgage Notes, to make all other payments provided for herein and to perform and observe the other agreements and covenants on its part herein contained shall be absolute and unconditional, irrespective of any defense or any rights of setoff, recoupment or counterclaim it might otherwise have against the Issuer, the Administrative Agent, the Purchasers, the Lender or any other person. Subject to prepayment of the Mortgage Notes in full and termination as provided herein, the Borrower shall not suspend or discontinue any such payment hereunder or on the Mortgage Notes (any reamortization of the payments on the Senior Mortgage Note in accordance with this Agreement and the Senior Mortgage shall not constitute a suspension or discontinuance of payments on the Senior Mortgage Note) or fail to perform and observe any of its other agreements and covenants contained herein or terminate this Agreement for any cause, including, without limiting the generality of the foregoing, any acts or circumstances that may deprive the Borrower of the use and enjoyment of the Project Facilities, failure of consideration or commercial frustration of purpose, any damage to or destruction of the Project Facilities or any part thereof, the taking by eminent domain of title to or the right to temporary use of all or any part of the Project Facilities, any change in the tax or other laws of the United States of America, the State or any political or taxing subdivision of either thereof, or any failure by the Issuer to perform and observe any agreement or covenant, whether express or implied, or any duty, liability or obligation arising out of or connected with this Agreement.

(b) Notwithstanding any provisions in this Agreement or any of the other Bond Documents to the contrary, enforcement of the provisions of this Agreement or any of the other Bond Documents shall not result in any claim against Senior Mortgage Loan proceeds, any reserve or deposit required by HUD or the Lender in connection with the Senior Mortgage Loan, or the rents or other income from the Project Facilities (other than available Surplus Cash of the Project Facilities, if any), and the liability of the Borrower, the General Partner and/or Investor Member for any breach or default by or obligation of the Borrower under this Agreement or any of the other Bond Documents shall be limited to the available Surplus Cash of the Project Facilities, if any. By execution hereof, each of the Issuer, the Administrative Agent and the Purchasers affirms that, other than pursuant to the Senior Mortgage and the Subordinate Mortgages, no pledge has been made and that it has no claim, and will not later assert any claim, against the mortgaged property, the Senior Mortgage Loan proceeds, any reserve or deposit made with the Lender or required by HUD in connection with the Senior Mortgage Loan transaction or against the income from the mortgaged property for payment of any obligation contained herein or in any of the other Bond Documents; provided, however, that nothing in this provision or elsewhere in this Agreement or any of the other Bond Documents shall alter, affect or diminish the rights of the Lender under the Senior Mortgage Loan Documents.

Section 3.4. Rights Assigned. The Issuer hereby pledges and assigns all the Issuer's rights under this Agreement (except its Reserved Rights), the Bond Note, the Subordinate Mortgage Notes and the Subordinate Mortgage and directs that the GNMA Certificates shall be delivered directly to the Purchasers, to secure payment of the Bonds. This pledge is made pursuant to ORS 287A.310. The Borrower and the Lender hereby consent to such pledge and assignment.

ARTICLE IV REPRESENTATIONS OF ISSUER

Section 4.1. Representations by the Issuer. The Issuer represents and warrants as follows:

- (a) The Issuer is a housing authority of the State of Oregon.
- (b) The Issuer has all requisite power, authority and legal right to execute and deliver the Bond Documents to which it is a party and all other instruments and documents to be executed and delivered by the Issuer pursuant thereto, to perform and observe the provisions thereof and to carry out the transactions contemplated by the Bond Documents. All corporate action on the part of the Issuer which is required for the execution, delivery, performance and observance by the Issuer of the Bond Documents has been duly authorized and effectively taken, and such execution, delivery, performance and observation by the Issuer do not contravene applicable law or any contractual restriction binding on or affecting the Issuer.
- (c) The Issuer has duly approved the issuance of the Bonds and the loan of the proceeds of the Bonds to the Borrower for the acquisition and construction of the Project Facilities; no other authorization or approval or other action by, and no notice to or filing with, any governmental authority or regulatory body is required as a condition precedent to the execution of this Agreement or the delivery of the Bonds that are to be delivered on the date of this Agreement.

(d) This Agreement is, and each other Bond Document to which the Issuer is a party when delivered will be, a valid and binding special obligation of the Issuer enforceable against the Issuer in accordance with its terms except as the enforceability thereof may be limited by (i) bankruptcy, insolvency, fraudulent conveyance, reorganization, moratorium and other laws affecting creditors' rights generally; (ii) the application of equitable principles and the exercise of judicial discretion in appropriate cases; (iii) common law and statutes affecting the enforceability of contractual obligations generally; and (iv) principles of public policy concerning, affecting or limiting the enforcement of rights or remedies against governmental entities such as the Issuer.

(e) 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, to the best knowledge of the Issuer, threatened against or affecting the Issuer wherein an unfavorable decision, ruling or finding would adversely affect (i) the transactions contemplated by, or the validity or enforceability of, the Bonds or this Agreement or (ii) the tax-exempt status of interest on the Bonds.

(f) In connection with the authorization, issuance and sale of the Bonds, the Issuer has complied in all material respects with all provisions of the laws of the State, including the Act.

(g) The Issuer has not assigned or pledged and will not assign or pledge its interest in this Agreement for any purpose other than to secure the Bonds under this Financing Agreement. The Bonds constitute the only obligations of the Issuer in any manner payable from the revenues to be derived from this Agreement, and except for the Bonds, no obligations have been or will be issued on the basis of this Agreement.

(h) The Issuer is not in default under any of the provisions of the laws of the State, which default would affect the issuance, validity or enforceability of the Bonds or the transactions contemplated by this Agreement.

(i) **THE ISSUER, THE ADMINISTRATIVE AGENT AND THE PURCHASERS MAKE NO REPRESENTATION OR WARRANTY THAT THE PROJECT FACILITIES WILL BE ADEQUATE OR SUFFICIENT FOR THE PURPOSES OF THE BORROWER. NOTHING IN THIS AGREEMENT SHALL BE CONSTRUED AS REQUIRING THE ISSUER, THE ADMINISTRATIVE AGENT OR THE PURCHASERS TO PROVIDE ANY FINANCING FOR THE PROJECT FACILITIES OTHER THAN THE PROCEEDS OF THE LOAN OR TO PROVIDE SUFFICIENT MONEYS FOR ALL OF THE COSTS OF THE PROJECT.**

Section 4.2. Role of the Issuer. The Issuer shall not be required to take any action not expressly provided for herein. In addition, the Issuer shall have no obligation to review, control or oversee the activities of the Administrative Agent or the Purchasers or any other person in connection with this Agreement or the Bonds. Furthermore, the Issuer shall not be obligated to take any action that might in its reasonable judgment involve it in any expense or liability unless it shall have been furnished with assurance of payment or reimbursement for any expense satisfactory to the Issuer, and with reasonable indemnity for liability of the Issuer, its officers, members, officials, agents and employees.

The Issuer covenants that it will faithfully perform at all times any and all covenants, undertakings, stipulations and provisions contained in this Agreement and the Bonds executed and

delivered hereunder; provided, however, that the liability of the Issuer under any such covenant, condition or agreement for any breach or default by the Issuer thereof or thereunder shall be limited solely to the revenues and receipts held hereunder or derived from the Ginnie Mae Certificates and, with respect to any Additional Interest on the Bonds, 75% of Surplus Cash, and any amounts due under Section 8.16(b) hereof, any Surplus Cash.

The Issuer acknowledges and agrees that all covenants contained in this Agreement are with and for the benefit of the Administrative Agent and the Purchasers and may be enforced by the Administrative Agent, in its discretion as provided in the Administrative Agency Agreement.

Section 4.3. Further Assurances. The Issuer shall, upon request and subject to its right to reimbursement and indemnity in Section 8.19 hereof, do, execute, acknowledge and deliver or cause to be done, executed, acknowledged and delivered, such agreements supplemental hereto and such further acts, instruments and transfers as the Administrative Agent may reasonably require for the better assuring, transferring, conveying, pledging and assigning to the Administrative Agent and the Purchasers of all the rights assigned hereby and the revenues and receipts pledged hereby to the payment of the principal of and interest on the Bonds. The Issuer shall, upon request and subject to its right to reimbursement and indemnity in Section 8.19 hereof, cooperate reasonably with the Administrative Agent, the Borrower, and the Lender in protecting the rights and security of the Administrative Agent and the Purchasers.

ARTICLE V REPRESENTATIONS AND WARRANTIES OF THE BORROWER

The Borrower represents and warrants to and for the benefit of the Issuer, the Administrative Agent, the Purchasers, and the Lender as follows:

Section 5.1. Existence. The Borrower is a limited partnership, duly organized, validly existing and in good standing under the Legal Requirements of the State of Oregon and is duly qualified to do business in the State. The Borrower has furnished true and complete copies of its partnership agreement and certificate of limited partnership. The Borrower owns no assets other than the Project Facilities. The Borrower has been, is and will be engaged solely in the business of financing, owning, managing and operating the Project Facilities and activities incident thereto. The General Partner of the Borrower is Sunset View Housing Company, LLC, a limited liability company, duly organized, validly existing and in good standing under the laws of the State of Oregon and is duly qualified to do business in the State. The General Partner has furnished to the Purchasers true and complete copies of its Articles of Organization and Certificates of Existence. The Borrower represents that the ownership of interests in the Borrower, as follows, are correct as of the Issue Date: (a) the General Partner – .005%; (b) Investor Member – 99.99%; and (c) the Special Member – .005%.

Section 5.2. Power, Authorization and No Conflicts. The Borrower has all requisite power and authority and the legal right to own and operate its properties and to conduct its business and operations as they are currently being conducted and as proposed to be conducted by it. The execution, delivery and performance by the Borrower of this Agreement and the other Bond Documents to which the Borrower is a party (i) are within the Borrower's powers, (ii) have been duly authorized by all necessary company and legal action, and (iii) do not contravene the

partnership agreement, operating agreement, articles of organization, or certificate of limited partnership of the Borrower or the General Partner, as applicable, or any Legal Requirement applicable to the Borrower or the General Partner or any material contract or restriction binding on or affecting the Borrower, the General Partner or any of their respective assets, or result in the creation of any mortgage, pledge, lien or encumbrance upon any of their assets other than as provided by the terms thereof.

Section 5.3. Governmental Authorizations and other Approvals. The Borrower and the General Partner have all necessary Governmental Actions and qualifications, and have complied in all material respects with all applicable Legal Requirements necessary to conduct their business as it is presently conducted and to own and operate the Project Facilities in accordance with the provisions of the Bond Documents. No authorization, approval or other action by, and no notice to or filing with, any Governmental Authority is required for the due execution, delivery and performance by the Borrower of this Agreement, or the other Bond Documents, except such as have been obtained or are not issuable on or before the date of execution and delivery of this Agreement.

Section 5.4. Validity and Binding Effect. This Agreement and the other Bond Documents to which the Borrower is a party are the legal, valid and binding obligations of the Borrower, enforceable against it in accordance with their terms, subject to the application by a court of general principles of equity and to the effect of any applicable bankruptcy, insolvency, reorganization, moratorium or similar Legal Requirement affecting creditors' rights generally.

Section 5.5. No Litigation. There is no pending action or proceeding before any Governmental Authority or arbitrator against or involving the Borrower, the General Partner or to the Borrower's knowledge after due inquiry, the Project Facilities and, to the best knowledge of the Borrower and the General Partner, there is no threatened action or proceeding affecting the Borrower or the General Partner before any Governmental Authority or arbitrator which, in any case, might materially and adversely affect the business, operations, assets, condition (financial or otherwise) or prospects of the Borrower or the General Partner, or the validity or enforceability of this Agreement, the Bonds or the other Bond Documents or the operation or ownership of the Project Facilities.

Section 5.6. Compliance. The Borrower shall, through the term of this Agreement and at no expense to the Issuer, promptly comply or cause compliance with all laws, ordinances, orders, rules, regulations and requirements of duly constituted public authorities which may be applicable to the Project Facilities or to the repair and alteration thereof, or to the use or manner of use of the Project Facilities.

Section 5.7. Title to Properties; Liens and Encumbrances. The Borrower has, as of the Issue Date, good and indefeasible title in fee simple to the Project Facilities, free and clear of all liens or encumbrances except for the Permitted Encumbrances. To the best of the Borrower's knowledge, all such real property, fixtures and equipment necessary to the conduct of the business of the Borrower and the operation of the Project Facilities are in reasonable working order and are suitable for the purposes for which they are presently being used. There exist no liens, encumbrances or other charges against any Project Facilities (including without limitation statutory and other liens of mechanics, workers, contractors, subcontractors, suppliers, taxing

authorities and others), except Permitted Encumbrances and those for which the Borrower has secured affirmative title insurance coverage.

Section 5.8. Utilities and Access. All utility services necessary for the operation of the Project Facilities, including water supply, storm and sanitary sewer facilities, electricity and telephone facilities are available within the boundaries of the Project Facilities; and all roads necessary for the full utilization of the Project Facilities for their intended purposes either have been completed or rights-of-way therefor have been acquired by the appropriate governmental authority or others or have been dedicated to public use and accepted by such Governmental Authority.

Section 5.9. Financial Information.

(a) All of the financial information furnished to the Purchasers with respect to the Borrower and the General Partner in connection with this Agreement (i) is complete and correct in all material respects as of the date hereof; and (ii) accurately presents the financial condition of such party as of the date hereof. Neither the Borrower nor the General Partner has any material liability or contingent liability not disclosed to the Purchasers in writing; and

(b) Since its formation, each of the Borrower and the General Partner has conducted its operations in the ordinary course, and no material adverse change has occurred in the business, operations, assets or financial condition of the Borrower or the General Partner.

Section 5.10. Environmental Representations. Neither the Borrower nor the General Partner has released into or upon the air, soil, surface water or groundwater of the Project Facilities any Hazardous Substances, other than in accordance with Environmental Laws, it has no knowledge of any environmental contaminants or Hazardous Substances present now or in the past at the Project Facilities, it has obtained and maintains all required permits or approvals from any Governmental Authority, and it is in full compliance with all applicable Environmental Laws and regulations.

Section 5.11. Full Disclosure. This Agreement, the exhibits hereto and the other documents, certificates, opinions, schedules and statements furnished to the Administrative Agent or the Purchasers by or on behalf of the Borrower or the General Partner in connection with the transactions contemplated hereby or by the Bond Documents, do not contain any untrue statement of a material fact with respect to the Borrower or the General Partner or the Project Facilities and do not omit to state a material fact with respect to the Borrower or the General Partner or the Project Facilities necessary in order to make the statements contained therein not misleading in light of the circumstances under which they were made. There is no fact known to the Borrower or the General Partner which materially adversely affects or in the future may adversely affect the business, operations, properties, assets or financial condition of the Borrower or the General Partner which has not been set forth in this Agreement or in the other documents, certificates, opinions, schedules and statements furnished to the Administrative Agent or the Purchasers and on behalf of any such party before the date of execution and delivery of this Agreement in connection with the transactions contemplated hereby.

Section 5.12. Bond Documents. Each of the Borrower and the General Partner has provided the Purchasers with true, correct and complete copies of: (i) all documents executed by the Borrower or the General Partner in connection with the Bonds; including all amendments thereto and compliance reports filed thereunder; (ii) all management and service contracts entered into by the Borrower in connection with the Project Facilities, including all amendments thereto; (iii) all material correspondence, if any, relating to the Bonds from the Administrative Agent or the Purchasers, the Issuer, the Securities and Exchange Commission, the Internal Revenue Service or any state or local securities regulatory body or taxing authority or any securities rating agency; and (iv) all documentation, if any, relating to governmental grants, subsidies or loans or any other loans, lines of credit or other subordinate financing relating to the Borrower or the Project Facilities, whether or not secured by the Project Facilities. Each of the representations and warranties on the Borrower's part made in the Bond Documents remain true and correct in all material respects and no Default exists under any covenants on the Borrower's part to perform under the Bond Documents.

Section 5.13. Illegal Activity. No portion of any of the Project Facilities has been or will be purchased, improved, fixtured, equipped or furnished with proceeds of any illegal activity conducted by the Borrower.

Section 5.14. Permits and Approvals. All zoning, development and other governmental approvals necessary for the construction of the Project Facilities have been obtained, and all permits necessary for the implementation of the Project Facilities plans and specifications have been obtained or may be obtained as a matter of right. The zoning of the Project Facilities currently permits the use of the Property for a multifamily housing facility. All such approvals obtained by the Borrower have been validly issued and are in full force and effect. No such approvals will terminate, or become void or voidable or terminable, upon any sale, transfer or other disposition of the Project Facilities, including any transfer pursuant to foreclosure sale under the Senior Mortgage.

Section 5.15. Adequacy of Loan. Borrower's sources, taking into account the amount and timing thereof, are sufficient to construct the Project Facilities and otherwise pay all costs of the Project Facilities in accordance with this Agreement and the Project Facilities budget.

Section 5.16. Project Facilities Contracts. Each of the Project Facilities contracts is in full force and effect, represents the entire agreement of the parties thereto with respect to the subject matter thereof, and is free from default by any party thereto that would entitle any other party to enforce remedies for breach thereof. Borrower has delivered a true and complete copy of each Project Facilities contract (including all amendments) to Lender.

Section 5.17. Contiguous Property. Except as reflected in easements currently of record, the Project Facilities do not rely on any contiguous property or other property for access, utilities, services, drainage or other matters.

ARTICLE VI
REPRESENTATIONS OF THE LENDER

Section 6.1. Representation by the Lender. The Lender represents and warrants as follows:

(a) The Lender (i) is not prohibited by the laws of the State from making the Senior Mortgage Loan, (ii) is organized and operated for the purposes, among others, of making mortgage loans to provide financing for the acquisition, construction and equipping of multi-family residential rental developments and of issuing mortgage-backed securities guaranteed by Ginnie Mae to obtain funds to make such mortgage loans, (iii) has full lawful power and authority under its organizational documents and applicable laws to execute and deliver this Agreement, and, upon Initial Endorsement of the Senior Mortgage Note by FHA for FHA Insurance, to issue and deliver the Ginnie Mae Certificates and to perform its obligations hereunder and thereunder, and (iv) by proper action has duly authorized the execution and delivery of this Agreement and will take all such actions within its power and control necessary to effect the issuance and delivery of the Ginnie Mae Certificates.

(b) This Agreement constitutes the legal, valid and binding obligation of the Lender enforceable in accordance with its terms, except as limited by bankruptcy, insolvency, reorganization, moratorium, fraudulent conveyance and other laws affecting creditors' rights and/or equitable principles.

(c) The execution and delivery of this Agreement and each of the Ginnie Mae Documents to which it is a party and the delivery of the Ginnie Mae Certificates, and the consummation of the transactions contemplated hereby and thereby, do not conflict with or constitute a breach of or a default under the Lender's organizational documents or, to its best knowledge after reasonable investigation, under the terms and conditions of any agreement or commitment to which the Lender is a party or by which the Lender is bound.

(d) There is no action, suit, proceeding, inquiry or investigation by or before any court, governmental agency, public board or body pending in which the Lender has been served with process or, to the knowledge of the Lender, otherwise pending or threatened against the Lender, which questions or materially and adversely affects the power or authority of the Lender to carry out the transactions contemplated by, or to be performed under, this Agreement, any of the Ginnie Mae Documents to which it is a party or the Ginnie Mae Certificates.

(e) The Lender (i) is an FHA approved mortgagee and, as such, is authorized to originate and service mortgage loans insured by FHA under Section 221(d)(4) of the National Housing Act and (ii) meets all the issuer eligibility requirements (including net worth requirements) of and is approved by Ginnie Mae to issue mortgage-backed securities guaranteed by Ginnie Mae pursuant to Section 306(g) of Title III of the National Housing Act.

(f) This Agreement has been submitted to the Lender for examination, and the Lender acknowledges, by execution of this Agreement, that it has reviewed and understands and approves this Agreement.

(g) The Lender has reserved \$_____ of its commitment authority granted by Ginnie Mae to issue mortgage-backed securities for the issuance of the Construction Loan Certificates and the Project Loan Certificate contemplated by this Agreement and such reservation with respect to the Project Loan Certificate shall not terminate, if at all, until a date which is subsequent to the Construction Loan Certificate Maturity Date, as the same may be extended.

(h) The Lender acknowledges, represents and warrants that it has not relied on the Issuer, the Issuer's counsel, the Purchasers, the Borrower, the Administrative Agent, the Purchasers' counsel or Bond Counsel for any guidance or expertise in analyzing the financial or other consequences of the transactions contemplated by this Agreement, the Regulatory Agreement and the other Bond Documents or otherwise relied on the Issuer or the Issuer's counsel or Bond Counsel in any manner.

ARTICLE VII ACQUISITION OF BONDS; REGISTRATION AND TRANSFER

Section 7.1. Acquisition of Bonds for Account of the Purchasers; Registration and Transfer. Except as provided in the third paragraph of this Section 7.1, the Issuer shall maintain the registration records containing the names and addresses of the registered owner or owners of the Bonds and shall register the Bonds. Each Purchaser represents and warrants that it will acquire its Bonds for its own account and that it has no present intention of making any distribution or disposition of its Bonds. The Person in whose name any Bond shall be registered shall be deemed and regarded as the absolute owner thereof for all purposes, and payment of or on account of the principal of and interest on such Bond shall be made only to or upon the order of the registered owner thereof, or its legal representative.

Each Purchaser agrees that its Bonds shall not be sold, pledged, disposed of or transferred (collectively, "**Disposed**" or a "**Disposal**" or a "**Disposition**") prior to delivery of the Project Loan Certificate to the Administrative Agent or its nominee on behalf of the Purchasers, other than in whole to a single Approved Investor which, if the Senior Mortgage Loan has not been fully Advanced, has entered into a trade agreement with the Lender to acquire the remaining Construction Loan Certificates. Each Purchaser agrees that its Bonds shall not be Disposed of after delivery of the Project Loan Certificate to the Administrative Agent or its nominee, other than in whole to a single Approved Investor, except as provided in the following paragraph.

After delivery of the Project Loan Certificate to the Administrative Agent, the applicable Bonds may be Disposed of by a Purchaser to Approved Investors in minimum principal amounts of \$1,000,000, upon delivery to the Issuer, the Lender, the Administrative Agent and the Borrower of an Investor Letter from the prospective transferee, but only if prior to any such Disposal, a financial institution, reasonably satisfactory to the Issuer, having trust powers shall have been appointed to act as bond trustee, bond registrar and fiduciary on behalf of the owners of the applicable Bonds. Each such financial institution shall (i) be a bank or trust company in good standing, (ii) have a reported capital and surplus of not less than \$50,000,000, and (iii) be willing, qualified and able to accept such trust upon reasonable or customary terms. The fees of any such financial institution shall be paid by the Borrower.

If the Senior Mortgage Loan has been fully Advanced, prior to any Disposition of the Bonds, an Opinion of Bond Counsel must be received by the Administrative Agent and the Purchasers to effectuate such Disposition.

No transfer of Bonds shall be effective unless and until the applicable Purchaser or the Administrative Agent also transfers to the transferee Ginnie Mae Certificates in a principal amount equal to the principal amount of the Bonds that are being transferred. Notwithstanding the above, in the event that a Purchaser Disposes of its interest in the Ginnie Mae Certificates or a portion thereof as security for other obligations of that Purchaser pursuant to Section 2.8(d) hereof, or after the date there are any Lost Ginnie Mae Certificates, there shall be no sale and transfer of such Bonds in a principal amount in excess of the principal amount of such Bonds secured by the portion, if any, of the Ginnie Mae Certificates that are not so Disposed or the Ginnie Mae Certificates that are not Lost Ginnie Mae Certificates, as the case may be.

EACH PURCHASER AND ANY TRANSFEREE SHALL AGREE TO INDEMNIFY THE ISSUER FROM AND AGAINST ANY AND ALL LIABILITY, COST OR EXPENSE (INCLUDING ATTORNEYS' FEES AND EXPENSES) THAT MAY RESULT IF THE REPRESENTATIONS OF SUCH PURCHASER OR TRANSFEREE, RESPECTIVELY, CONTAINED IN ITS INVESTOR LETTER ARE FALSE IN ANY MATERIAL RESPECT.

Nothing herein shall prohibit a Purchaser from selling participations, receipts evidencing ownership or other participatory interests in its Bonds without delivery of an Investor Letter, provided that each acquirer of any such participations, receipts evidencing ownership or other participatory interests shall meet the qualifications of an Approved Investor. The Issuer agrees to execute, acknowledge and deliver, at that Purchaser's expense, such further instruments as that Purchaser may reasonably request to effectuate any transaction establishing such participations, receipts evidencing ownership or other participatory interests by that Purchaser.

ARTICLE VIII GENERAL COVENANTS

So long as any amount is due and owing hereunder, the Borrower covenants and agrees that, except to the extent the Administrative Agent, the Lender, and the Issuer shall otherwise consent in writing, each of the following covenants shall be performed and complied with:

Section 8.1. Conduct of Business; Maintenance of Existence; Mergers. The Borrower will (i) engage solely in the business of financing, owning and operating the Project Facilities, and activities incident thereto, (ii) preserve and maintain in full force and effect its existence as a limited partnership under the Legal Requirements of the state of its organization, and its rights and privileges and its qualification to do business in the State, (iii) not dissolve or otherwise dispose of all or substantially all of its assets and (iv) not consolidate with or merge into another entity or permit one or more other entities to consolidate with or merge into it.

Section 8.2. Compliance with Legal Requirements. The Borrower will comply with all Legal Requirements applicable to the Borrower or the Project Facilities and will construct and operate the Project Facilities as a "housing project" as defined in ORS 456.065(2)(a).

Section 8.3. Maintenance of Governmental Authorizations. The Borrower will maintain in full force and effect all of its Governmental Actions and qualifications necessary for the conduct of its business as it is presently being conducted and the ownership and operation of its facilities as they are presently being operated.

Section 8.4. Maintenance of Insurance. At all times throughout the term hereof, the Borrower shall, at its sole cost and expense, maintain or cause to be maintained insurance against such risks and for such amounts as are customarily insured against by facilities of like size and type and shall pay, as the same become due and payable, all premiums with respect thereto.

Section 8.5. Compliance with Other Contracts and Bond Documents. The Borrower will comply with all of its covenants and agreements under the Bond Documents, as the same may hereafter be amended or supplemented from time to time, and each of such covenants is incorporated herein by reference as if fully set forth herein. The Borrower shall comply in all material respects with, or cause to be complied with, all requirements and conditions of all material contracts or restrictions binding on, relating to or affecting the Borrower, the General Partner or any of their respective assets, or relating to the Project Facilities. The Borrower shall not take any action which would adversely affect the exclusion from gross income of interest on the Bonds, nor shall the Borrower omit or fail to take any action required to maintain the exclusion from gross income of interest on the Bonds.

Section 8.6. Maintenance of Properties. The Borrower will, at its sole expense, maintain and preserve, or cause to be maintained and preserved, the Project Facilities in good working order and repair, fit for the purposes for which the Project Facilities were originally erected; not permit, commit or suffer any waste of any of its properties; not use (and use reasonable efforts to not permit tenants to use) any of the Project Facilities for any unlawful purpose and use reasonable efforts to not permit any nuisance to exist thereon; promptly make such repairs or replacements (structural or nonstructural, foreseen or unforeseen) as are required for the proper operation, repair and maintenance of the Project Facilities in an economical and efficient manner and consistent with customary and prudent practices, standards and procedures applicable to properties of like size and type; perform all repairs or replacements in a good and workmanlike manner, and in compliance with all applicable Legal Requirements; keep and maintain abutting grounds, sidewalks, roads, parking and landscape areas which may be owned by the Borrower in good and neat order and repair; not take (or fail to take) any action, which if taken (or not so taken) would increase in any way the risk of fire or other hazard occurring to or affecting any of the Project Facilities; and not sell, lease (other than pursuant to residential Leases), cause a sale of or otherwise dispose of any part of its properties, except as otherwise permitted hereunder and under the other Bond Documents.

Section 8.7. Inspection Rights. The Borrower will, at any reasonable time and from time to time, permit the Administrative Agent, the Issuer, the Lender, and the agents or representatives of the Administrative Agent or the Purchasers, the Issuer, and the Lender, to examine and copy and make abstracts from the records and books of account of, and visit the properties of, the Borrower, and to discuss the affairs, finances and accounts of the Borrower with the General Partner and its accountant. Upon reasonable prior notice, and subject to the rights of tenants, the Borrower will permit the Issuer, the Administrative Agent, or the Lender to inspect, or cause to be inspected, the Project Facilities at any reasonable time or times as the Administrative

Agent may direct. The Borrower shall pay or reimburse the Administrative Agent on demand for reasonable and necessary advances and expenses incurred in connection with such inspections.

Section 8.8. Keeping of Books. The Borrower will keep proper books of record and account, in which full and correct entries shall be made of financial transactions and the assets and operations of the Borrower in accordance with GAAP, and have a complete audit of such books of record and account made by its accountant for each Fiscal Year.

Section 8.9. Reporting Requirements.

(a) The Borrower will furnish or cause to be furnished to the Administrative Agent and, if requested, the Issuer the following in form satisfactory to the Administrative Agent and the Issuer and in such number of copies as the Administrative Agent or the Issuer may reasonably require:

(i) As soon as available and in any event within one hundred twenty (120) days after the close of each Fiscal Year of the Borrower audited financial statements for the Borrower, on a consolidated basis, including a balance sheet and related statements of income and changes in financial position as of the end of such Fiscal Year and for such Fiscal Year, which shall be prepared and reported on without qualification by the accountant in accordance with GAAP, and shall fairly present the financial condition of the Borrower and the Project Facilities as of the end of such Fiscal Year;

(ii) Simultaneously with the delivery of the audited financial statements delivered pursuant to paragraph (a) above, a certificate stating, to the knowledge of the Borrower, that no Determination of Taxability has occurred and that there exists on the date of such certificate no Event of Default or, if any Event of Default or Determination of Taxability then exists, setting forth the details thereof and the action that the Borrower is taking or proposes to take with respect thereto; and

(iii) Such other information respecting the operations and properties, financial or otherwise, of the Borrower as the Administrative Agent or the Lender, may from time to time reasonably request.

(b) The Borrower shall provide to the Issuer within 30 days following each June 30 during which the Bonds are Outstanding, written information as to the aggregate principal amount of Bonds Outstanding at the close of business on the immediately preceding June 30.

Section 8.10. Tax-Exempt Status. The Borrower covenants, represents and agrees to comply with the provisions of the Tax Certificate and Agreement and that it will not take or omit to take or permit any action that would adversely affect the exclusion of interest on the Bonds from the gross income of the recipients thereof for federal income tax purposes and, if it should take or permit any such action, the Borrower will take all lawful actions that it can take to rescind such action promptly upon having knowledge thereof and that the Borrower will take such action or actions, including amendment of this Agreement, the Senior Mortgage, the Subordinate Mortgages and the Regulatory Agreement, as may be necessary, in the Opinion of Bond Counsel, to comply fully with all applicable rules, rulings, policies, procedures, regulations or other official statements promulgated or proposed by the Department of the Treasury or the Internal Revenue Service

applicable to the Bonds or affecting the Project Facilities. Further, the Borrower shall not permit the ownership in the Borrower, the General Partner or any Affiliate thereof to be modified without the prior written consent of the Administrative Agent and the Issuer. Further, except with the prior written approval of the Administrative Agent, the Borrower agrees to operate, construct and develop the Project in such a manner as to assure that no entity other than the Borrower is or will be a Substantial User or Related Person to a Substantial User and, if it should take or permit any such action, the Borrower will take all lawful actions that it can take to rescind such action promptly upon having knowledge thereof. The Borrower shall not amend or modify its management agreement, development services agreement and/or construction contract (as such agreements or contracts are defined in the Borrower's limited partnership agreement) or change the management of the Project without the prior written consent of the Administrative Agent and the Issuer.

The Borrower will not make or permit any use, and will not direct the Administrative Agent or the Lender to make any investment or use of the proceeds of the Bonds, which would cause the Bonds to be "arbitrage bonds" within the meaning of Section 148 of the Code and the Regulations thereunder as the same may be applicable to the Bonds at the time of such action, investment or use and agrees to take and cause the Issuer, the Administrative Agent, and the Lender to take all actions required to comply with the provisions of Section 148 of the Code.

The Borrower further covenants and agrees that it will comply with and will take all action reasonably required to comply with all applicable requirements of Section 148 and the rules and regulations of the United States Treasury Department thereunder relating to the Bonds and the interest thereon, including the employment of a rebate analyst for the calculation of any rebatable amount (the "**Rebate Amount**") to the United States Treasury Department. The Borrower agrees that it will cause the rebate analyst to calculate the Rebate Amount not later than forty-five (45) days after the fifth anniversary of the Issue Date and each five (5) years thereafter and agrees that the Borrower will pay all costs associated therewith. Within fifteen (15) days of the date of each such calculation, the Borrower shall promptly deliver a report or letter from the rebate analyst setting forth the Rebate Amount, if any, then due and the methods used to calculate such amount (each a "**Rebate Report**") to the Issuer and the Administrative Agent. In addition, the Borrower shall prepare, or cause the rebate analyst to prepare, and file any forms required by the Internal Revenue Service to be submitted with the Rebate Amount, if any.

Neither the Borrower, any Substantial User, nor any Related Person shall, pursuant to any arrangement, formal or informal, purchase or acquire Bonds, unless the Borrower or such Substantial User or Related Person delivers a favorable Opinion of Bond Counsel with a reliance letter addressed to the Administrative Agent and Purchasers.

No changes will be made to the Project Facilities, no actions will be taken by the Borrower and the Borrower will not omit to take any actions, which will in any way adversely affect the tax-exempt status of the Bonds.

The Borrower will not make any changes in the Project Facilities that would, at the time made, cause the average reasonably expected economic life of the Project Facilities, determined pursuant to Section 147(b) of the Code, to be less than the average reasonably expected economic life of the Project set forth in such certificates or letters of representation of the Borrower, unless

the Borrower files with the Administrative Agent, the Issuer, and the Lender a favorable Opinion of Bond Counsel that such changes to the Project Facilities will not result in loss of the exclusion of interest on the Bonds from gross income for federal income tax purposes.

No portion of the proceeds of the Bonds will be used to acquire existing property or any interest therein unless such acquisition meets the rehabilitation requirements of Section 147(d) of the Code.

The Issuer covenants and agrees that it will, solely at the written request of the Borrower and at the expense of the Borrower, take or cause to be taken all required actions reasonably within its control, to preserve the exclusion from gross income for federal income tax purposes of interest on the Bonds.

Section 8.11. Negative Pledge; No Sale.

(a) The Borrower will not create, incur, assume or permit to exist any mortgage, pledge, security interest, encumbrance or other lien upon the Project Facilities or any property, tangible or intangible, now owned or hereafter acquired (including without limitation property leased to or being acquired by the Borrower under capital leases or installment sale agreements), of the Borrower (the sale with recourse of receivables or any "sale and lease back" of any fixed assets being deemed to be the giving of a lien thereon for money borrowed), other than Permitted Encumbrances;

(b) The Borrower shall not sell, assign, transfer, convey or otherwise dispose of the Project Facilities, or any part thereof, or permit or consent to a sale without in each instance obtaining the express written consent of the Administrative Agent, the Lender and the Issuer, which consent may be withheld or granted (subject to the payment of such fees and the satisfaction of other conditions as set forth in the applicable Senior Mortgage) in the Administrative Agent's, the Lender's or the Issuer's sole and absolute discretion.

Section 8.12. Environmental Covenants. The Borrower will cause all activities at the Project Facilities during the term of this Agreement to be conducted in full compliance with all applicable Environmental Laws. The Borrower shall obtain and maintain all required permits and approvals from any Governmental Authority regarding Environmental Laws and shall comply with the terms of such permits and approvals.

Section 8.13. Tax Returns. The General Partner will timely file all tax returns for itself and for the Borrower, pay or cause to be paid when due all taxes imposed on their operations, assets, income or properties, and, upon request, provide to the Administrative Agent copies of such returns and receipts for payment of such taxes. Nothing contained herein shall limit, restrict or condition Borrower's right to challenge, contest, appeal or dispute any alleged tax liability, deficiency, obligation, penalty or assessment.

Section 8.14. Leases. The Borrower hereby represents that there are no leases or agreements to lease all or any part of the Project Facilities now in effect except for leases to residential tenants in compliance with the Regulatory Agreement, and leases for services associated with residential rental properties (such as laundry and cable leases).

Section 8.15. Further Assurances. The Borrower will promptly and duly execute, acknowledge and deliver from time to time such further instruments and take such further actions as may be reasonably required to carry out the purposes and provisions of this Agreement and the other Bond Documents to confirm the priority and/or perfection of any lien, pledge, assignment or security interest created or intended to be created by this Agreement and to assure the Administrative Agent of the subrogation and security rights in favor of the Administrative Agent contemplated by this Agreement, by the other Bond Documents.

Section 8.16. Determination of Taxability; Increased Costs.

(a) Neither the Borrower nor the General Partner shall admit in writing to the Issuer, the Lender or the Administrative Agent that interest on the Bonds has become includable in gross income for purposes of federal income taxation of a Purchaser without first providing reasonable advance notice to the Administrative Agent and permitting the Administrative Agent or the Purchaser, at their sole discretion and expense, to contest such conclusion. Promptly after the Borrower first becomes aware of any Determination of Taxability or an event that could trigger a Determination of Taxability, the Borrower shall give written notice thereof to the Issuer, the Lender and the Administrative Agent.

(b) If either of the following shall occur:

(i) A Determination of Taxability, or

(ii) other than due to matters constituting a Determination of Taxability, in the event that the Administrative Agent shall reasonably determine (which determination shall, absent manifest error, be final and conclusive and binding upon all parties hereto) that any law, treaty or governmental rule, regulation or order, or any change therein or in the interpretation, administration or application thereof (including the introduction of any new law, treaty or governmental rule, regulation or order), or any determination of a court or governmental authority, in each case that becomes effective after the date hereof, or compliance by the Purchasers with any guideline, request or directive issued or made after the date hereof by any central bank or other governmental or quasi-governmental authority (whether or not having the force of law):

(a) subjects any Purchaser to any additional tax (other than any tax on the overall net income of the Purchaser) with respect to the Bonds, the transactions contemplated by the Bonds and this Financing Agreement, any of the Purchaser's obligations hereunder or any payments to the Purchaser of principal, interest, penalties, fees or any other amount payable hereunder or under the Bonds;

(b) imposes, modifies or holds applicable any reserve (including any marginal, emergency, supplemental, special or other reserve), special deposit, compulsory loan, FDIC insurance or similar requirement against assets held by, or deposits or other liabilities in or for the account of, or advances or loans by, or other credit extended by, or any other acquisition of funds by, any office of any Purchaser; or

(c) imposes any other condition on or affecting a Purchaser (or its applicable lending office) or its obligations under the Financing Agreement;

and the result of any of the foregoing events described in (i) or (ii) above is:

(x) to increase the cost to a Purchaser of purchasing or owning the Bonds, or

(y) to reduce the amount of interest, or any amount received or receivable by a Purchaser (or its applicable lending office) with respect to the Bonds, or

(z) to require a Purchaser to make any payment or to forego any interest or other sum payable under the Bonds, the amount of which payment or foregone interest or other sum is calculated by reference to the gross amount of any sum receivable or deemed received by a Purchaser from the Issuer under the Bonds, including any federal income taxes due on the interest (including Additional Interest) on the Bonds;

then, in any such case, the Borrower shall pay or caused to be paid to the Purchasers, upon receipt of the statement referred to in the next sentence, such additional amount or amounts (in the form of a fee representing the increased rate, or a different method of calculating, interest or otherwise as the Purchasers in its sole discretion shall determine) as may be necessary to compensate the Purchasers for any such increased cost or reduction in amounts received or receivable hereunder. The Purchasers shall deliver to the Issuer and the Borrower a written statement setting forth in reasonable detail the basis for calculating the additional amounts owed to the Purchasers under this Section 8.16(b), which statement shall be conclusive and binding upon all parties hereto absent manifest error.

Any amounts due under this Section 8.16(b) shall be payable pursuant to, and subject to, the terms of the Subordinate Mortgage Notes, solely from Surplus Cash as detailed in Article 9 of Borrower's Limited Partnership Agreement.

Section 8.17. Use of Proceeds. The Borrower represents and warrants that the proceeds of the Bonds will be allocated exclusively to pay Qualified Project Costs and that for the greatest possible number of buildings the Bond proceeds will be allocated on a pro rata basis to each building constituting a portion of the Project Facilities and the land on which such building is located, so that each building and the land on which it is located will have been financed 50% or more by the proceeds of the Bonds for the purpose of complying with Section 42(h)(4)(B) of the Code.

Section 8.18. Borrower's Approval of Assignment of Security Interest. The Borrower understands that pursuant to the provisions of Section 10.17 hereof, the Issuer, as security for the payment of the principal of and the interest on the Bonds, has assigned and pledged to the Purchasers, and created a security interest in favor of the Purchasers in certain of the Issuer's rights, title and interest in and to this Agreement (including all payments hereunder and the Ginnie Mae Certificates) reserving, however, the Reserved Rights; and the Borrower hereby agrees and consents to such assignment and pledge. By its execution of this Agreement, the Borrower

acknowledges that it has approved, has agreed to and is bound by such assignment and pledge. The Borrower agrees that the Administrative Agent shall be entitled to enforce and to benefit from the terms and conditions of this Agreement that relate to it or the Purchasers for the benefit of and on behalf of the Purchasers.

Section 8.19. Indemnification. Each of the Borrower and Pedcor Investments, A Limited Liability Company separately indemnifies and holds harmless the Issuer and each of its Affiliates (and each of the Issuer's and its Affiliates' respective directors, officers, employees, representatives and agents), the Administrative Agent and its Affiliates (and each of its Affiliates' respective directors, officers, employees, representatives and agents), and each Purchaser and each of its Affiliates (and each of the Purchaser's and its Affiliates' respective directors, officers, employees, representatives and agents) (collectively, the "**Indemnified Parties**") except as limited below, from and against any and all claims, damages, losses, liabilities, costs or expenses (including attorneys' fees for counsel of each of the Indemnified Parties' choice) whatsoever which the Indemnified Parties may incur (or which may be claimed against any of the Indemnified Parties by any person or entity whatsoever) by reason of or in connection with:

(a) any breach by the Borrower of any representation, warranty, covenant, term or condition in, or the occurrence of any default or Event of Default under, this Agreement or the other Bond Documents, including all reasonable fees or expenses resulting from the settlement or defense of any claims or liabilities arising as a result of any such breach or default or any Determination of Taxability;

(b) the involvement of any of the Indemnified Parties in any legal suit, investigation, proceeding, inquiry or action as a consequence, direct or indirect, of the Purchaser's or the Administrative Agent's actions taken pursuant to this Agreement or any other event or transaction contemplated by any of the foregoing;

(c) any untrue statement or alleged untrue statement contained or incorporated by reference in any offering or reoffering materials prepared in respect of the Bonds, or any supplement or amendment thereof, or the omission or alleged omission to state therein a material fact necessary to make such statements in light of the circumstances under which they are or were made not misleading;

(d) the acceptance or administration of the Bond Documents or the trusts thereunder or the performance of duties under the Bond Documents or any loss or damage to property or any injury to or death of any person that may be occasioned by any cause whatsoever pertaining to the Project Facilities or the use thereof, including without limitation any lease thereof or assignment of its interest in this Agreement;

(e) any act or omission of the Borrower or any of its agents, contractors, servants, employees or licensees in connection with the Advances or the Project Facilities, the operation of the Project Facilities, or the condition, environmental or otherwise, occupancy, use, possession, conduct or management of work done in or about, or from the planning, design, acquisition, installation or construction of, the Project Facilities or any part thereof;

(f) any Lien (other than a Permitted Encumbrance) or charge upon payments by the Borrower to the Issuer, the Administrative Agent and the Purchasers hereunder, or any taxes (including, without limitation, all ad valorem taxes and sales taxes), assessments, impositions and other charges imposed on the Issuer, the Administrative Agent or the Purchasers in respect of any portion of the Project Facilities;

(g) any violation or alleged violation of any Environmental Law with respect to, or the release of any toxic substance from, the Project Facilities or any part thereof;

(h) the enforcement of, or any action taken by the Issuer, the Administrative Agent or the Purchasers, related to remedies under, this Agreement and the other Bond Documents;

(i) any action, suit, claim, proceeding, audit, inquiry, examination, or investigation of a judicial, legislative, administrative or regulatory nature concerning or related to interest payable on the Bonds not being exempt from federal or state income taxation;

(j) any action, suit, claim or demand contesting or affecting the title of the Project Facilities; and

(k) the investigation of, preparation for or defense of any litigation, proceeding or investigation in connection with the Project Facilities or the transactions to be consummated in connection therewith of any nature whatsoever, commenced or threatened against the Borrower, the Project Facilities or any Indemnified Party.

The indemnification shall include the reasonable costs and expenses of defending itself or investigating any claim of liability and other reasonable expenses and attorneys' fees incurred by the Issuer, the Administrative Agent or the Purchasers. The obligations of the Borrower and Pedcor Investments, A Limited Liability Company under this Section shall survive the termination of this Agreement. Notwithstanding any other provision of this Agreement or the Bond Documents to the contrary, each of the Borrower and Pedcor Investments, A Limited Liability Company separately agrees (i) not to assert any claim or institute any action or suit against the Administrative Agent or the Purchasers or their employees arising from or in connection with any investment of funds made by the Administrative Agent or the Purchasers in good faith as directed by the Borrower, the Administrative Agent or the Purchasers, and (ii) to indemnify and hold the Administrative Agent and the Purchasers and their employees harmless against any liability, losses, damages, costs, expenses, causes of action, suits, claims, demands and judgments of any nature arising from or in connection with any such investment. Nothing in this Section is intended to limit the Borrower's reimbursement obligations contained in Section 3.1 and 3.3 hereof. Amounts payable to the Issuer, the Administrative Agent, the Purchasers, or the Lender hereunder shall be due and payable five (5) days after demand and will accrue interest at the Default Rate, commencing with the expiration of the five (5) day period. When the Issuer, the Administrative Agent, the Purchasers, or the Lender incurs expenses or renders service in connection with any bankruptcy or insolvency proceeding, such expenses (including the fees and expenses of its counsel) and the compensation for such services are intended to constitute expenses of administration under any bankruptcy law or law relating to creditors rights generally.

Any amounts due from the Borrower (but not from Pedcor Investments, A Limited Liability Company) under this Section 8.19 shall be payable pursuant to, and subject to, the terms of the Subordinate Mortgage Notes, solely from Surplus Cash, or from the proceeds of any applicable insurance.

Section 8.20. Additional Documents. In connection with the Senior Mortgage Loan, the Lender and the Borrower shall execute and deliver such documents as may be customarily utilized for insured mortgage loans under the provisions of Section 221(d)(4) 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, including Sections 10.14 and 10.15 hereof. In connection with the delivery of the Subordinate Mortgage Notes, the Borrower shall execute such additional documents reasonably requested by the Administrative Agent or the Purchasers as may be consistent with the terms and provisions of this Agreement.

ARTICLE IX DEFAULTS AND REMEDIES

Section 9.1. Defaults. Each of the following shall constitute an event of default hereunder ("**Event of Default**"), in each event following notice to the Borrower by the Administrative Agent and the continuation of such Event of Default for a thirty (30) day period:

(a) Failure by the Borrower to pay any amount required to be paid by the Borrower under this Agreement or any of the other Bond Documents when the same shall become due and payable after the expiration of any notice or cure period; provided, that failure to pay any Additional Interest due or past due shall not constitute an Event of Default hereunder to the extent that 75% of Surplus Cash is not available or is insufficient to make any such payment in full;

(b) Failure by the Borrower to perform or comply with any terms or conditions contained in this Agreement and any of the other Bond Documents to which the Borrower is a party and continuation of such failure for thirty (30) days after written notice from the Administrative Agent to the Borrower, or such longer period to which the Administrative Agent may agree in the case of a default not curable by the exercise of due diligence within such thirty (30) day period, provided that the Borrower or the General Partner shall have commenced, or the Investor Member or the Special Member has caused to be commenced, a cure of such default within such thirty (30) day period and shall complete, or cause to be completed, such cure as quickly as reasonably possible with the exercise of due diligence;

(c) Any of the representations or warranties of the Borrower set forth in this Agreement, any of the other Bond Documents or any other document furnished to the Administrative Agent or the Purchasers pursuant to the terms hereof proves to have been false or misleading in any material respect when made;

(d) Any material provision of this Agreement or any of the other Bond Documents to which the Borrower is a party for any reason ceases to be valid and binding on the Borrower, or is declared to be null and void, or is violative of any applicable Legal Requirement relating to a maximum amount of interest permitted to be contracted for, charged or received, or the validity or

enforceability thereof is contested by the Borrower or any Governmental Authority, or the Borrower denies that it has any or further liability or obligation under this Agreement or any of the Bond Documents to which the Borrower is a party;

(e) The occurrence of an Event of Default as defined in the other Bond Documents or an act or event (or failure to act or non-occurrence of an act) which, with the passage of time, the giving of notice or both, would constitute an Event of Default under the Bond Documents;

(f) An Act of Bankruptcy of the Borrower;

(g) An Event of Default under the Senior Mortgage Loan Documents; or

(h) Failure to deliver the Project Loan Certificate by the Delivery Date.

Section 9.2. Remedies. If an Event of Default has occurred and is continuing uncured, the Administrative Agent, acting in its sole discretion but subject to the Administrative Agency Agreement, may, subject to Sections 10.14 and 10.15 hereof:

(a) Declare the principal amount of the Bonds then Outstanding and the interest accrued thereon to be due and payable; and

(b) Enter upon the Project Facilities and take possession thereof, together with the Improvements in the course of construction or completed and all of the Borrower's materials, supplies, tools, equipment and construction facilities and appliances located thereon, and proceed either in the name of the Purchasers or in the name of the Borrower (and the Borrower hereby appoints the Administrative Agent as the attorney-in-fact of the Borrower, which authority is coupled with an interest and is irrevocable by the Borrower for such purposes) as the Administrative Agent shall elect, to complete the construction of the Improvements at the cost and expense of the Borrower. If the Administrative Agent elects to complete or cause the construction of the Improvements to be so completed, it may do so according to the terms of the plans and specifications or as the Administrative Agent shall deem expedient or necessary, and the Administrative Agent may enforce or cancel all contracts entered into as aforesaid or make other contracts which in the Administrative Agent's reasonable opinion may seem advisable, and the Borrower shall be liable, under this Agreement or any note given by it pursuant to the provisions hereof, to pay the Administrative Agent upon demand any amount or amounts expended by the Administrative Agent or its representatives for such performance, together with any costs, charges or expenses incident thereto or otherwise incurred or expended by the Administrative Agent or its representatives on behalf of the Borrower in connection with the Improvements, and the amounts so expended shall bear interest at the default rate specified in this Agreement, and shall be considered part of the indebtedness evidenced by this Agreement and secured by the Senior Mortgage.

(c) Exercise, or cause to be exercised, any and all such remedies as it may have under this Agreement or any of the other Bond Documents by a suit in equity or action at law, including for the right to disburse and control the use of the Construction Fund, specific performance of any covenant or agreement contained in this Agreement or the other Bond Documents, or by mandamus or other appropriate proceeding for the enforcement of any other legal or equitable remedy as the Administrative Agent determines, or by foreclosing the Subordinate Mortgages.

(d) Sell the Ginnie Mae Certificates; provided that the Lender shall have the right, upon payment of the principal amount on the Ginnie Mae Certificates, plus accrued interest thereon, to purchase the Ginnie Mae Certificates from the Purchasers.

The Administrative Agent shall apply all proceeds derived from the exercise of such remedies, plus any moneys held in the Construction Fund, to pay the principal of and interest on the Bonds. In the event the proceeds derived from such sale, plus any moneys held in the Construction Fund, are at least sufficient to pay the Bonds in full, including Additional Interest, the Borrower shall be entitled to any excess proceeds. Notwithstanding anything contained herein to the contrary, the occurrence and continuance of an Event of Default shall not relieve the Purchasers or the Administrative Agent of their obligations to purchase Ginnie Mae Certificates in accordance with the terms of this Agreement unless and until (i) Lender or HUD declares a default under the Senior Loan Documents, or (ii) the Delivery Date has passed and has not been extended pursuant to the terms and provisions of this Agreement.

Section 9.3. No Waivers; Consents. No waiver of, or consent with respect to, any provision of this Agreement shall in any event be effective unless the same shall be in writing and signed by the Issuer at the direction of the Administrative Agent, and then such waiver or consent shall be effective only in the specific instance and for the specific purpose for which it was given.

Section 9.4. No Waiver; Remedies Cumulative. No failure on the part of the Issuer or the Administrative Agent to exercise, and no delay in exercising, any right hereunder shall operate as a waiver thereof; and no single or partial exercise of any right hereunder shall preclude any other or further exercise thereof or the exercise of any other right. The remedies herein provided are cumulative and not exclusive of any remedies available under any other document or at law or in equity.

Section 9.5. Issuer and Borrower to Give Notice of Default. The Issuer and the Borrower severally covenant that they will, at the expense of the Borrower, promptly give to the Administrative Agent, the Purchasers, the Investor Member and the Special Member and to each other written notice of any Event of Default under this Agreement, and any act, event or circumstance which, with the passage of time, or notice, or both, would constitute such an Event of Default of which they shall have actual knowledge or written notice, but the Issuer shall not be liable for failing to give such notice.

Section 9.6. Cure by Investor Member or Special Member. Notwithstanding anything to the contrary contained herein, the Issuer and the Administrative Agent hereby agree that any cure of any default made or tendered by the Investor Member or the Special Member 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; provided, however, that neither the Investor Member nor the Special Member shall have any obligation or duty to take any action to cure any default or to cause any default to be cured.

Section 9.7. Attorney Fees. Upon the occurrence of an Event of Default under this Agreement, if the Issuer or the Administrative Agent employs attorneys or incurs other expenses for the collection of amounts payable hereunder or for the enforcement of the performance or observance of any covenants or agreements on the part of the Borrower herein contained, whether

or not suit is commenced, the Borrower agrees that it will on demand therefor pay to the Issuer or the Purchasers, as applicable, the reasonable fees of such attorneys to the extent actually incurred and such other reasonable expenses so incurred by the Issuer or the Administrative Agent.

**ARTICLE X
MISCELLANEOUS**

Section 10.1. Notices. All notices and other communications provided for hereunder shall be in writing and sent by facsimile and by reputable overnight mail service or private delivery service addressed as follows:

To the Issuer: Housing Authority of Clackamas County
13900 South Gain Street
P.O Box 1510
Oregon City, OR 97045
Attention: Executive Director

To the Borrower: Pedcor Investments-2016-CLV, Limited Partnership
c/o Pedcor Investments
One Pedcor Square
770 3rd Avenue, S.W.
Carmel, IN 46032
Attention: Phillip J. Stoffregen

with a copy to: Pedcor Investments
One Pedcor Square
770 3rd Avenue, S.W.
Carmel, IN 46032
Attention: Jeremy Buchanan, Legal Counsel

To the Investor Member: U.S. Bancorp Community Development
Corporation
1307 Washington Avenue, Suite 300
St. Louis, MO 63103
Attention: Director of LIHTC Asset Management

with a copy to: Kutak Rock LLP
1650 Farnam Street
Omaha, NE 68102-2186
Attention: Jill H. Goldstein, Esq.

To the Special Member: Housing Authority of Clackamas County
13900 South Gain Street
P.O. Box 1510
Oregon City, OR 97045
Attention: Executive Director

with a copy to: _____

To UFB: United Fidelity Bank, fsb
18 NW Fourth Street
Evansville, IN 47708
Attention: Donald R. Neel, President and CEO

To International: International City Bank, N.A.
249 E. Ocean Blvd.
Long Beach, CA 90802
Attention: President and CEO

To the Lender: P/R Mortgage & Investment Corp.
11555 N. Meridian Street, Suite 400
Carmel, IN 46032
Attention: Michael R. Dury

with a copy to: Wooden & McLaughlin, LLP
One Indiana Square
211 N. Pennsylvania, Suite 1800
Indianapolis, IN 46204
Attention: John W. Hamilton

The parties listed above may change the address to which notices to it are to be sent by written notice given to the other persons listed in this Section. All notices shall, when sent as aforesaid, be effective when received.

Section 10.2. Successors and Assigns. This Agreement shall inure to the benefit of and shall be binding upon the parties hereto and their respective successors and assigns, including, without limitation, the Administrative Agent and the Purchasers. The Borrower may not assign its rights under this Agreement without the prior written consent of the Administrative Agent or the Purchasers. The Borrower and the Issuer intend that no person other than the parties hereto, the Administrative Agent or the Purchasers, and their successors and assigns as permitted hereunder, shall have any claim or interest under this Agreement or right of action hereon or hereunder.

Section 10.3. Survival of Covenants. All covenants made by the Borrower herein and in any document delivered pursuant hereto shall survive the delivery of this Agreement and the payment of any amounts under the Bond Documents.

Section 10.4. Counterparts. The execution hereof by each party hereto shall constitute a contract between them for the uses and purposes herein set forth, and this Agreement may be executed in any number of counterparts, with each executed counterpart constituting an original and all counterparts together constituting one agreement.

Section 10.5. Costs, Expenses and Taxes. The Borrower agrees to pay at closing and thereafter within 30 days after demand, all reasonable costs and expenses of the Issuer, the Administrative Agent and the Purchasers in connection with the preparation, execution, delivery and administration of this Agreement, the other Bond Documents and any other documents that may be delivered in connection with this Agreement or the Bond Documents or any amendments or supplements thereto, including, without limitation, the reasonable fees and expenses of Bond Counsel, Issuer counsel or counsel for the Administrative Agent or the Purchasers with respect thereto and with respect to advising the Administrative Agent or the Purchasers as to their respective rights and responsibilities under this Agreement, the other Bond Documents and such other documents, and all costs and expenses, if any, (including, without limitation, reasonable counsel fees and expenses of the Purchasers and the Administrative Agent) in connection with the enforcement of this Agreement, the other Bond Documents and such other documents.

Section 10.6. Severability; Interest Limitation. If any provision hereof is found by a court of competent jurisdiction to be prohibited or unenforceable in any jurisdiction, it shall be ineffective as to such jurisdiction only to the extent of such prohibition or unenforceability, and such prohibition or unenforceability shall not invalidate the balance of such provision as to such jurisdiction to the extent it is not prohibited or unenforceable, nor invalidate such provision in any other jurisdiction, nor invalidate the other provisions hereof, all of which shall be liberally construed in favor of the Issuer in order to effect the provisions of this Agreement. Notwithstanding anything to the contrary herein contained, the total liability of the Borrower for payment of interest pursuant hereto shall not exceed the maximum amount, if any, of such interest permitted by applicable Legal Requirements to be contracted for, charged or received, and if any payments by the Borrower to the Purchasers include interest in excess of such a maximum amount, the Purchasers shall apply such excess to the reduction of the unpaid principal amount due pursuant hereto, or if none is due, such excess shall be refunded to the Borrower; provided that, to the extent permitted by applicable Legal Requirements, in the event the interest is not collected, is applied to principal or is refunded pursuant to this sentence and interest thereafter payable pursuant hereto shall be less than such maximum amount, then such interest thereafter so payable shall be increased up to such maximum amount to the extent necessary to recover the amount of interest, if any, theretofore uncollected, applied to principal or refunded pursuant to this sentence. Any such application or refund shall not cure or waive any Event of Default. In determining whether or not any interest payable under this Agreement exceeds the highest rate permitted by applicable Legal Requirements, any non-principal payment (except payments specifically stated in this Agreement to be "interest") shall be deemed, to the extent permitted by applicable Legal Requirements, to be an expense, fee, premium or penalty rather than interest.

Section 10.7. Conflicts. Insofar as possible the provisions of this Agreement shall be deemed complementary to the terms of the other Bond Documents, but in the event of conflict the terms hereof shall control to the extent such are enforceable under applicable Legal Requirements.

Section 10.8. Complete Agreement. Taken together with the other Bond Documents and the other instruments and documents delivered in compliance herewith, this Agreement is a complete memorandum of the agreement of the Borrower, the General Partner, the Administrative Agent, the Purchasers, the Lender, and the Issuer.

Section 10.9. Consent to Jurisdiction; Venue; Waiver of Jury Trial. The parties hereby irrevocably (i) agree that any suit, action or other legal proceeding to which the Issuer is a party arising out of or relating to this Agreement or the other Bond Documents shall be brought solely in a federal court located in the State or in a State court located in Clackamas County, Oregon and consent to the jurisdiction of such court in any such suit, action or proceeding, (ii) agree that any suit, action or other legal proceeding to which the Issuer is not a party arising out of or relating to this Agreement or the other Bond Documents shall be brought solely in a federal or state court located in the State of Oregon in Clackamas County and consent to the jurisdiction of such court in any such suit, action or proceeding, and (iii) waive any objection which it may have to the laying of venue of any such suit, action or proceeding in any such court and any claim that any such suit, action or proceeding has been brought in an inconvenient forum. The parties hereby irrevocably consent to the service of any and all process in any such suit, action or proceeding by mailing of copies of such process to such party at its address provided under or pursuant to Section 10.1 hereof. The parties agree that a final judgment in any such action or proceeding shall be conclusive and may be enforced in other jurisdictions by suit on the judgment or in any other manner provided by applicable Legal Requirements. All mailings under this Section shall be by certified or registered mail, return receipt requested. Nothing in this Section shall affect the right of the Administrative Agent or the Purchasers to serve legal process in any other manner permitted by applicable Legal Requirements. **TO THE EXTENT PERMITTED BY APPLICABLE LAW, THE PARTIES HERETO HEREBY WAIVE THE RIGHT TO TRIAL BY JURY IN ANY ACTION ARISING HEREUNDER OR UNDER THIS AGREEMENT, ANY OF THE OTHER BOND DOCUMENTS OR OTHERWISE IN CONNECTION HEREWITH.**

Section 10.10. Governing Law. This Agreement shall be governed by, and construed in accordance with, the laws of the State without reference to its principles of conflicts of law; provided that the duties and obligations of UFB and International under this Agreement shall be governed by and construed in accordance with the internal laws of the State of Indiana without giving effect to conflict of law principles.

Section 10.11. Headings. Section headings in this Agreement are included herein for convenience of reference only and shall not constitute a part of this Agreement for any other purpose.

Section 10.12. Determinations. (A) Subject to specific provisions in this Agreement to the contrary, in any instance under this Agreement where the consent or approval of the Purchasers may be given or is required, or where any determination, judgment or decision is to be rendered by the Purchasers under this Agreement, the granting, withholding or denial of such consent or approval and the rendering of such determination, judgment or decision shall be made or exercised by the Purchasers (or their designated representative) at their discretion.

(B) Subject to specific provisions in this Agreement to the contrary, in any instance under this Agreement where the consent or approval of the Administrative Agent may be given or is required, or where any determination, judgment or decision is to be rendered by the Administrative Agent under this Agreement, the granting, withholding or denial of such consent or approval and the rendering of such determination, judgment or decision shall be made or exercised by the Administrative Agent (or its designated representative) at its discretion subject to the provisions of the Administrative Agency Agreement.

Section 10.13. Issuer, Members, Directors Attorneys, Officers, Employees and Agents of Issuer Not Liable. To the extent permitted by law, no recourse shall be had for the enforcement of any obligation, promise or agreement of the Issuer contained herein or in the other Bond Documents to which the Issuer is a party or for any claim based hereon or thereon or otherwise in respect hereof or thereof against any director, officer, agent, attorney or employee, as such, in his individual capacity, past, present or future, of the Issuer or of any successor entity, either directly or through the Issuer or any successor entity whether by virtue of any constitutional provision, statute or rule of law, or by the enforcement of any assessment or penalty or otherwise. No personal liability whatsoever shall attach to, or be incurred by, any director, officer, agent, attorney or employee as such, past, present or future, of the Issuer or any successor entity, either directly or through the Issuer or any successor entity, under or by reason of any of the obligations, promises or agreements entered into between the Issuer and the Borrower, whether herein contained or to be implied here from as being supplemental hereto; and all personal liability of that character against every such director, officer, agent attorney and employee is, by the execution of this Agreement and as a condition of, and as part of the consideration for, the execution of this Agreement, expressly waived and released.

Section 10.14. HUD Requirements. The provisions of this Agreement are subject and subordinate to the National Housing Act, and all other applicable HUD Requirements, the Senior Mortgage Loan Documents, all applicable Ginnie Mae Requirements and the Ginnie Mae Documents; and in the event of any conflict between the provisions of this Agreement and the provisions of the National Housing Act, any HUD Requirements, the Senior Mortgage Loan Documents, any applicable Ginnie Mae Requirements and/or the Ginnie Mae Documents, the HUD Requirements, Senior Mortgage Loan Documents, Ginnie Mae Requirements and Ginnie Mae Documents shall be controlling in all respects.

Section 10.15. Supremacy of Senior Mortgage Loan Documents, HUD Requirements and Ginnie Mae Requirements. This Section 10.15 shall remain effective for so long as the Senior Mortgage Loan, or any other mortgage loan encumbering the Project Facilities that is insured or held by HUD, remains in full force and effect. In the event the terms of this Agreement shall conflict with the Senior Mortgage Loan Documents, applicable HUD Requirements, the Ginnie Mae Documents or applicable Ginnie Mae Requirements, such Senior Mortgage Loan Documents, HUD Requirements, the Ginnie Mae Documents and Ginnie Mae Requirements shall control. Notwithstanding any other provision of this Agreement to the contrary, it is expressly agreed by the Borrower, the Lender, the Purchasers and the Issuer as follows:

(a) in the event of a foreclosure of the Senior Mortgage or a transfer of title by deed-in-lieu of foreclosure to the holder of the Senior Mortgage or to a person other than the Borrower or any Related Person and the retirement of the Bonds within a reasonable time thereafter, this Agreement shall automatically terminate;

(b) any amendment to this Agreement shall be contingent upon the prior written approval of HUD, if required;

(c) any provisions of this Agreement that require the Borrower to take any action necessary to preserve the tax-exemption of the interest on the Bonds or prohibiting the Borrower

from taking any action that might jeopardize the tax-exemption, are qualified to except therefrom actions required or prohibited by FHA pursuant to Section 221(d)(4) of the National Housing Act;

(d) the Borrower and the Issuer agree that this Agreement is subordinate to all applicable provisions of the National Housing Act, the other HUD Requirements, the Senior Mortgage and the other Senior Mortgage Loan Documents;

(e) no failure on the part of the Borrower to comply with the provisions of this Agreement shall serve as a basis for a default on the Senior Mortgage Loan or any of the Senior Mortgage Loan Documents;

(f) enforcement of the provisions of this Agreement shall not result in any claim under the Senior Mortgage Loan, or any claim against the Project, Senior Mortgage Loan proceeds, any reserve or deposit made with the Lender or another person or entity required by HUD or the Lender in connection with the Senior Mortgage Loan transaction or against the rents or other income from the Project (other than available Surplus Cash of the Project Facilities and Sale Proceeds, if any);

(g) the Borrower shall not be deemed to be in violation of this Agreement if it shall take (or refrain from taking) any actions required (or prohibited) by HUD pursuant to the National Housing Act, applicable HUD Requirements, the Senior Mortgage Loan Documents, applicable Ginnie Mae Requirements and the Ginnie Mae Documents; and

(h) in consideration of HUD's agreeing to insure the Senior Mortgage Loan, and in reliance by HUD upon the promises of the Borrower and the Issuer to comply herewith, HUD has reserved the right to require the Issuer to unilaterally (without the consent of the Borrower, the Lender, the Administrative Agent or the Purchasers) remove or void any restrictions in excess of those necessary to ensure tax-exemption for the Bonds and continued eligibility of the federal tax credits relating to the Project upon a written determination by HUD that the excess restriction(s) is (are) threatening the financial viability of the Project (i.e., impairing the Borrower's ability to sustain a level of income sufficient to meet all financial obligations of the Project, including debt service costs, HUD-required escrows, and Project operating expenses); in the absence of the Issuer's compliance with a written request from HUD to take appropriate action to unilaterally remove or void the aforesaid excess restriction(s), HUD shall have the right and authority under this Section 10.15 to unilaterally remove or void such excess restriction(s).

Section 10.16. Modification, Amendment, Waiver, Etc. No modification, amendment or waiver of any provision of this Agreement shall be effective unless the same shall be in writing and signed by all of the parties hereto and an Opinion of Bond Counsel is delivered.

Section 10.17. Assignment of Issuer's Interests. For so long as the Bonds are Outstanding, the interests of the Issuer in this Agreement (except its Reserved Rights) will be, and hereby are, assigned to the Purchasers and the Administrative Agent, and their respective successors, under this Financing Agreement, and during such period this Agreement shall be enforceable by the Purchasers and the Administrative Agent in accordance with its terms.

Section 10.18. Guaranty of Certain Reserved Rights Payments. Pedcor Investments, A Limited Liability Company hereby guarantees the prompt payment when due of any pecuniary obligations of the Borrower to the Issuer, the Administrative Agent and the Purchasers pursuant to

Sections 2.1(j), 3.1(b)(3), 3.1(c), 8.19, 9.7 or 10.5 of this Agreement. Pedcor Investments, A Limited Liability Company hereby acknowledges to the Issuer that it understands the Issuer would not make the Bond Loan to the Borrower without the guarantees provided by this Section 10.18 and Section 8.19 hereof. The Issuer, in its sole discretion, may proceed to exercise any right or remedy which it may have under this Section 10.18 or Section 8.19 hereof without pursuing or exhausting any right or remedy which it may have against the Borrower.

Section 10.19. Non-Recourse. Except as provided in Section 10.18 hereof, the obligations of the Borrower under this Agreement, including specifically the Mortgage Notes, are non-recourse to the Borrower and any of its partners and are payable exclusively from the Ginnie Mae Certificates, Surplus Cash and any Sale Proceeds).

* * * * *

IN WITNESS WHEREOF, the Issuer, the Borrower, the Administrative Agent, the Purchasers and the Lender have caused this Agreement to be duly executed and delivered on the day and year first above written.

**HOUSING AUTHORITY OF CLACKAMAS
COUNTY, OREGON**

By: _____

Name: _____

Title: Executive Director

**PEDCOR INVESTMENTS-2016-CLV,
LIMITED PARTNERSHIP**

By: Rosewood Terrace Housing Company, LLC,
its General Partner

By: Pedcor Investments, A Limited Liability
Company, its Managing Member

By: _____

Name: Thomas G. Crowe

Title: Executive Vice President, Development &
Finance

P/R MORTGAGE & INVESTMENT CORP.

By: _____

Name: Michael R. Dury

Title: Assistant Vice President

**UNITED FIDELITY BANK, fsb, in its capacity
as a Purchaser of certain Bonds and as
Administrative Agent**

By: _____

Name: Kirby J. Purciful

Title: Senior Vice President & CFO

**INTERNATIONAL CITY BANK, N.A., in its
capacity as a Purchaser of certain Bonds**

By: _____
Name: _____
Title: _____

Sections 8.19 and 10.18 of this Financing Agreement
acknowledged and agreed to by **PEDCOR
INVESTMENTS, A LIMITED LIABILITY
COMPANY**

By: _____
Name: Thomas G. Crowe
Title: Executive Vice President, Development &
Finance

EXHIBIT A
CERTIFICATE CONCERNING ALLOCATION OF PROJECT COSTS

Requisition No. _____
United Fidelity Bank, fsb
NW Fourth Street
Evansville, Indiana, 46698

Date: _____

RE: \$ _____ Housing Authority of Clackamas County, Oregon Multifamily Housing Revenue Bonds (Rosewood Terrace Apartments Project), Series 2017 (the "Bonds") issued pursuant to the Financing Agreement, dated as of April 1, 2017 (the "Agreement") among Housing Authority of Clackamas County, Oregon (the "Issuer"), Pedcor Investments-2016-CLV, Limited Partnership (the "Borrower"), International City Bank, N.A., and United Fidelity Bank, fsb (the "Purchasers"), and P/R Mortgage & Investment Corp. (the "Lender")

Ladies and Gentlemen:

The undersigned, on behalf of Pedcor Investments-2016-CLV, Limited Partnership (the "Borrower"), hereby certifies that he/she is a duly appointed Authorized Representative of the Borrower. The undersigned further certifies on behalf of the Borrower that, in connection with the Borrower's requisition for an Advance of the Senior Mortgage Loan proceeds from the Lender, subject to the provisions of Section 10.14 and 10.15 of the Agreement, such Advance will not cause or result in the violation, or be in violation, of any covenant contained in the Agreement, the Regulatory Agreement or in the Tax Certificate and Agreement relating to the Bonds, including without limitation, the covenants that (i) at least 95% of the Net Bond Proceeds (as defined in such Tax Certificate and Agreement) will be allocated to pay costs chargeable to the capital account of the Project Facilities or would be so chargeable either with a proper election or but for a proper election to deduct such amounts and (ii) the issuance costs of the Bonds financed with proceeds of the Bonds will not exceed 2% of the proceeds of the Bonds. Capitalized terms used herein, but not defined herein, shall have the respective meanings ascribed thereto in the Agreement.

The payments to be made from this Advance have not been the basis for a prior Advance.

All of the Borrower's representations, covenants and warranties contained in the Financing Agreement and the Tax Certificate and Agreement were true and accurate in all material respects as of the date made, and remain true and accurate in all material respects as of the date of this Certificate except as disclosed to the Purchasers or the Administrative Agent, and the Borrower has fully and satisfactorily performed all of its covenants and obligations to date required under the Financing Agreement and the Tax Certificate and Agreement except as disclosed to the Purchasers or the Administrative Agent. No Default or Event of Default has occurred and is continuing under the Financing Agreement or under the Mortgage Notes except for Defaults or Events of Default that have been disclosed to Purchasers or the Administrative Agent and the Lender.

The Borrower understands that the Purchasers or the Administrative Agent and the Lender are relying on the certifications herein with regard to and in connection with approving the disbursement requested hereby.

Please indicate if this Certificate relates to the final disbursement from the Construction Fund: ___ Yes ___ No.

If this Certificate relates to the final disbursement from the Construction Fund, the Borrower, the Lender, the Administrative Agent and the Purchasers hereby agree to redeem the Bonds to the extent necessary as set forth in the Financing Agreement.

If this Certificate requests such a reimbursement for expenditures made prior to the issuance of the Bonds, the payment or payments for any obligations originally paid by the Borrower, for federal income tax purposes, was after October 20, 2016.

The Borrower attaches hereto the invoices and/or bills of sale relating to the Project Facilities and, if such invoices have been paid by Issuer or Borrower, evidence of payment thereof.

[Execution on Following Page]

IN WITNESS WHEREOF, the undersigned Authorized Representative has executed this Certificate to be effective as of the date first set forth hereinabove.

PEDCOR INVESTMENTS-2016-CLV, LIMITED
PARTNERSHIP

By: Rosewood Terrace Housing Company, LLC,
its General Partner

By: Pedcor Investments, A Limited Liability
Company, its Managing Member

By: _____
Name: Thomas G. Crowe
Title: Executive Vice President, Development &
Finance

EXHIBIT B
FORM OF BONDS

**THIS BOND MAY BE SOLD OR TRANSFERRED ONLY TO AN APPROVED
INVESTOR UPON DELIVERY OF AN INVESTOR LETTER
AND SUBJECT TO OTHER CONDITIONS PROVIDED IN THE
FINANCING AGREEMENT**

No. R-1

\$ _____

HOUSING AUTHORITY OF CLACKAMAS COUNTY, OREGON
MULTIFAMILY HOUSING REVENUE BONDS
(ROSEWOOD TERRACE APARTMENTS PROJECT),
SERIES 2017

DATED DATE: _____, 2017

MATURITY DATE: _____

REGISTERED OWNER: [United Fidelity Bank, fsb] [International City Bank, N.A.]

PRINCIPAL AMOUNT: _____ Dollars

INTEREST PAYMENT DATE: The 15th day of each month commencing

HOUSING AUTHORITY OF CLACKAMAS COUNTY (the "Issuer"), a housing authority of the State of Oregon (the "State"), for value received, promises to pay to the Registered Owner specified above or registered assigns, but solely from the sources and in the manner referred to herein, the Principal Amount specified above or so much thereof as shall have been advanced by the Registered Owner from time to time on the aforesaid Maturity Date or on such earlier date as provided herein, and interest on the balance of such Principal Amount so advanced remaining unpaid from the later of the date hereof or the most recent Interest Payment Date to which interest has been paid at the Interest Rate and subject to the provisions specified below, payable on each Interest Payment Date. Principal of and interest on this Bond are payable at the principal office of the Registered Owner, or at such other place and in such other manner as may be elected by the Registered Owner hereof in accordance with the Financing Agreement (as defined below). Upon payment in full of the principal of this Bond, whether at maturity or prior redemption, the Registered Owner shall forthwith deliver this Bond to the Authority for cancellation.

This is a draw-down Bond. The principal amount of this Bond as of any given date shall be equal to (i) the total amount of principal of this Bond advanced by the Purchaser, less (ii) any repayment of such principal on this Bond received by the Registered Owner of this Bond.

Defined Terms. In addition to terms defined elsewhere herein, the following terms, as used herein, shall have the respective meanings set forth below:

"Additional Interest" means the interest due on the Bonds in excess of the Pass-Through Rate. Payment of Additional Interest shall be subject to and payable solely from: (i) advances received by the Borrower subject to that certain Tri-Party Agreement, dated as of _____, _____, by and among, the Borrower, the Issuer and Pedcor Development Associates, LLC (the "Tri-Party Agreement"); and (ii) available Surplus Cash (as defined in the HUD Regulatory Agreement) and Sale Proceeds; however, to the extent that Additional interest is payable from Surplus Cash such payments shall be payable only from up to 75% of such available Surplus Cash.

"Borrower" shall mean Pedcor Investments-2016-CLV, an Oregon limited partnership.

"Interest Rate" shall mean (i) from the Issue Date through and including the February 15th or August 15th next succeeding the date of Final Endorsement, the Pass-Through Rate, and (ii) commencing on the next succeeding Interest Payment Date thereafter, the LIBOR Based Rate; provided however, that the "Interest Rate" on the Bonds shall be the Pass-Through Rate during any period during which the principal owed on the Bonds, plus Additional Interest, exceeds the the Maximum Amount.

"Lender" shall mean P/R Mortgage Investments Corp.

In addition to interest at the Interest Rate, upon a Determination of Taxability (as defined in the Agreement) or other event described in Section 8.16(b) of the Financing Agreement, additional amounts shall be payable to the Registered Owner of this Bond in accordance with such Section 8.16(b), but only from Surplus Cash, as defined in the Financing Agreement.

This Bond may be redeemed in whole or in part upon thirty (30) days prior written notice to the Registered Owners, at any time and at such redemption prices as shall be in accordance with the prepayment provisions of the Senior Mortgage Note and Financing Agreement.

This Bond is one of a duly authorized issue of the Issuer's Multifamily Housing Revenue Bonds (Rosewood Terrace Apartments Project), Series 2017 (the "Bonds"), issuable under the Financing Agreement dated as of April 1, 2017 (the "Financing Agreement") by and among the Issuer, the Borrower, International City Bank, N.A., United Fidelity Bank, fsb, as the initial Purchasers of the Bonds, and the Lender. The Bonds are issued pursuant to Chapter 456 of Oregon Revised Statutes, as amended (the "Act"), and a resolution duly adopted by the Issuer.

This Bond is secured (i) by payments made to the Purchaser from fully modified pass-through mortgage backed securities issued by the Lender, which are guaranteed as to timely payment of principal and interest by the Government National Mortgage Association ("Ginnie Mae"), and (ii) with respect to Additional Interest on this bond, advance made pursuant to that certain Tri-Party Agreement (as defined in the Financing Agreement), and available Surplus Cash and Sale Proceeds (as defined in the Financing Agreement); however, to the extent that Additional interest is payable from Surplus Cash such payments shall be payable only from up to 75% of such available Surplus Cash.

THIS BOND IS A SPECIAL, LIMITED OBLIGATION OF THE ISSUER PAYABLE, AS TO PRINCIPAL AND INTEREST SOLELY FROM THE ASSETS PLEDGED THERETO UNDER THE FINANCING AGREEMENT. THIS BOND SHALL NOT BE A DEBT OR INDEBTEDNESS OF THE STATE OF OREGON, CLACKAMAS COUNTY OR ANY OTHER

POLITICAL SUBDIVISION THEREOF (INCLUDING THE ISSUER), AND NEITHER THE STATE NOR ANY POLITICAL SUBDIVISION OF THE STATE OF OREGON SHALL BE LIABLE HEREON, NOR IN ANY EVENT SHALL THIS BOND BE PAYABLE OUT OF ANY FUNDS OR PROPERTIES OTHER THAN THOSE OF THE ISSUER PLEDGED UNDER THE FINANCING AGREEMENT. THIS BOND SHALL NOT CONSTITUTE AN INDEBTEDNESS WITHIN THE MEANING OF ANY CONSTITUTIONAL OR STATUTORY DEBT LIMITATION OR RESTRICTION. NEITHER THE STATE NOR ANY POLITICAL SUBDIVISION THEREOF (EXCEPT THE ISSUER FROM THE SOURCES IDENTIFIED IN THE FINANCING AGREEMENT) SHALL BE LIABLE FOR PAYMENT OF THIS BOND NOR IN ANY EVENT SHALL PRINCIPAL OF AND INTEREST ON THIS BOND BE PAYABLE OUT OF ANY FUNDS OR ASSETS OTHER THAN THOSE PLEDGED TO THAT PURPOSE BY THE ISSUER IN THE FINANCING AGREEMENT. THE ISSUER HAS NO TAXING POWER.

NO RECOURSE SHALL BE HAD FOR THE PAYMENT OF THE PRINCIPAL OF OR INTEREST ON THIS BOND AGAINST ANY PAST, PRESENT OR FUTURE MEMBER OF THE ISSUER'S GOVERNING BODY, OR THE OFFICERS, COUNSEL, FINANCIAL ADVISORS OR AGENTS OF THE ISSUER, OR OF ANY SUCCESSOR THERETO, UNDER ANY RULE OF LAW OR EQUITY, STATUTE OR CONSTITUTION, AND ALL SUCH LIABILITY IS HEREBY EXPRESSLY WAIVED AND RELEASED AS A CONDITION OF, AND CONSIDERATION FOR, THE EXECUTION AND ISSUANCE OF THIS BOND.

All payments hereunder shall be payable in lawful money of the United States of America representing legal tender in payment of all debts and dues, public and private, at the time of payment.

This Bond shall be construed according to the laws of the State of Oregon.

This Bond may be transferred only in accordance with the provisions of the Financing Agreement.

Any capitalized terms appearing herein which are not otherwise defined shall have the meaning ascribed to them in the Financing Agreement.

This Bond will not be entitled to any security or benefit under the Financing Agreement, or be valid or become obligatory for any purpose, until the Certificate of Authentication hereon shall have been manually signed by the Registrar.

IN WITNESS WHEREOF, the Issuer has caused this Bond to be executed in its name by the manual or facsimile signature of the Executive Director of the Issuer, and its corporate seal to be hereunto affixed.

HOUSING AUTHORITY OF CLACKAMAS
COUNTY, OREGON

By: _____
_____, Executive Director

(SEAL)

CERTIFICATE OF AUTHENTICATION

This Bond is one of the Bonds described in the Financing Agreement referred to herein.

Date of Authentication: _____

HOUSING AUTHORITY OF CLACKAMAS
COUNTY, OREGON, as Registrar

By: _____
_____, Authorized Officer

EXHIBIT C
FORM OF INVESTOR LETTER

Housing Authority of Clackamas County
13900 South Gain Street
Oregon City, OR 97045
Attention: Executive Director

Pedcor Investments-2016-CLV, Limited Partnership
One Pedcor Square
770 3rd Avenue, S.W.
Carmel, Indiana 46032

P/R Mortgage & Investment Corp.
11555 N. Meridian Street, Suite 400
Carmel, Indiana 46032

Re: Housing Authority of Clackamas County, Oregon, Multifamily Housing Revenue Bonds
(Rosewood Terrace Apartments Project), Series 2017

Ladies and Gentlemen:

The undersigned authorized signatory for _____ (the "Purchaser"), the Purchaser of \$ _____, aggregate principal amount of Multifamily Housing Revenue Bonds (Rosewood Terrace Apartments Project), Series 2017 (the "Purchaser Bonds"), does hereby certify, represent and warrant for the benefit of the Housing Authority of Clackamas County, Oregon (the "Issuer"), Pedcor Investments-2016-CLV, Limited Partnership (the "Borrower") and P/R Mortgage & Investment Corp. (the "Lender"), that the Purchaser is either a "qualified institutional buyer" as defined in Rule 144A under the Securities Act of 1933, as amended (a "QIB"), or an "accredited investor" (as defined in Rule 501(a)(1), (2), (3), (4), (7) or (8) of Regulation D promulgated under the Securities Act of 1933) (an "Accredited Investor").

The Purchaser hereby acknowledges, represents, and warrants to, and agrees with, the Issuer, the Borrower and the Lender, as follows:

- (1) The Purchaser is purchasing the Purchaser Bonds with its own funds (or with funds from accounts over which it has sole investment authority) and not the funds of any other person, and for its own account (or for accounts over which it has sole investment authority) and not as nominee or agent for the account of any other person and not with a view to any distribution thereof, other than the deposit or sale of the Purchaser Bonds in or to a custodial or trust arrangement each of the beneficial owners of which shall be required to be a QIB or an Accredited Investor.
- (2) The Purchaser has such knowledge and experience in business and financial matters, including (i) the evaluation of residential real estate developments such as the Project Facilities, (ii) the evaluation of the capabilities of persons such as Pedcor Investments-2016-CLV, Limited Partnership (the "Borrower"), and the manager of the Project Facilities to operate and maintain the Project Facilities, and (iii) the analysis, purchase and ownership of multifamily housing revenue

bonds, tax-exempt securities and other investment vehicles similar in character to the Bonds, so as to enable it to understand and evaluate the risks of such investments and form an investment decision with respect thereto, the Purchaser has no need for liquidity in such investment and the Purchaser is (or any account for which it is purchasing is) able to bear the risk of such investment for an indefinite period and to afford a complete loss thereof.

(3) The Purchaser acknowledges that it has been provided with, and has had the opportunity to review, the Financing Agreement dated as of April 1, 2017 (the "Financing Agreement"), among the Issuer, the Borrower, the Lender and International City Bank, N.A. and United Fidelity Bank, fsb, as the original Purchasers of the Bonds, and all other documents relating to the issuance of the Purchaser Bonds. IN PARTICULAR, THE PURCHASER UNDERSTANDS ANY ADDITIONAL INTEREST ON THE PURCHASER BONDS IS PAYABLE ONLY FROM 75% OF SURPLUS CASH AND ALL SALE PROCEEDS, AS DEFINED AND DESCRIBED IN THE FINANCING AGREEMENT. The Purchaser has conducted its own investigation of the Project Facilities, the Borrower, the manager of the Project Facilities, the Purchaser Bonds, the Financing Agreement and related documents and the transactions relating thereto, to the extent it deemed necessary. The Purchaser has been offered an opportunity to have made available to it any and all such information it might request from the Issuer, the Borrower and the manager of the Project Facilities. On this basis, it is agreed by the Purchaser that the Purchaser is not relying on the Issuer or any other party or person to undertake the furnishing or verification of information related to the referenced transaction.

(4) In connection with the purchase of the Purchaser Bonds, the Purchaser has been advised that (i) the Issuer has not undertaken steps to ascertain the accuracy, completeness or truth of any statements made or omitted to be made to the undersigned concerning any of the facts relating to the business, operations, financial condition, or future prospects of the Borrower or the manager of the Project Facilities, and (ii) the Issuer has not made any representations concerning the accuracy or completeness of any information supplied to the undersigned by the Borrower or the manager of the Project Facilities.

(5) THE PURCHASER UNDERSTANDS THAT:

(i) THE PURCHASER BONDS ARE SPECIAL, LIMITED OBLIGATIONS OF THE ISSUER, PAYABLE SOLELY OUT OF THE REVENUES, RECEIPTS AND OTHER MONEYS PLEDGED THEREFOR UNDER THE FINANCING AGREEMENT. THE PURCHASER BONDS SHALL NOT BE A DEBT OR INDEBTEDNESS OF THE STATE OR ANY POLITICAL SUBDIVISION THEREOF (INCLUDING THE ISSUER), AND NEITHER THE STATE OF OREGON ("STATE") NOR ANY POLITICAL SUBDIVISION THEREOF SHALL BE LIABLE THEREON, NOR IN ANY EVENT SHALL THE PURCHASER BONDS BE PAYABLE OUT OF ANY FUNDS OR PROPERTIES OTHER THAN THOSE OF THE ISSUER PLEDGED UNDER THE FINANCING AGREEMENT. THE PURCHASER BONDS SHALL NOT CONSTITUTE AN INDEBTEDNESS WITHIN THE MEANING OF ANY CONSTITUTIONAL OR STATUTORY DEBT LIMITATION OR RESTRICTION.

(ii) THE ISSUER HAS NO TAXING POWER AND PRINCIPAL AND INTEREST ON THE PURCHASER BONDS ARE PAYABLE SOLELY OUT OF THE MONEYS TO BE RECEIVED BY THE ISSUER UNDER THE FINANCING AGREEMENT AND AMOUNTS

ON DEPOSIT IN THE FUNDS AND ACCOUNTS ESTABLISHED AND PLEDGED UNDER THE FINANCING AGREEMENT. NEITHER THE STATE NOR ANY POLITICAL SUBDIVISION THEREOF (EXCEPT THE ISSUER FROM THE SOURCES IDENTIFIED ABOVE) SHALL BE LIABLE FOR PAYMENT OF THE PURCHASER BONDS NOR IN ANY EVENT SHALL PRINCIPAL OF AND INTEREST ON THE PURCHASER BONDS BE PAYABLE OUT OF ANY FUNDS OR ASSETS OTHER THAN THOSE PLEDGED TO THAT PURPOSE BY THE ISSUER UNDER THE FINANCING AGREEMENT.

(6) The Purchaser understands that in connection with any proposed transfer or exchange of Bonds, there must be delivered to the Issuer a letter of the transferee to substantially the same effect as this letter or otherwise as permitted under the Financing Agreement.

(7) The Purchaser understands that, in connection with any proposed transfer of the Bonds, such transfer must be limited to an Approved Investor (as defined in the Financing Agreement) that makes representations with respect to itself to substantially the same effect as the representations set forth herein.

(8) The Purchaser (or in the case of any transferee, such transferee) also understands that it shall indemnify the Issuer as set forth in the Financing Agreement: "THE PURCHASER AND ANY TRANSFEREE SHALL AGREE TO INDEMNIFY THE ISSUER FROM AND AGAINST ANY AND ALL LIABILITY, COST OR EXPENSE (INCLUDING ATTORNEYS' FEES AND EXPENSES) THAT MAY RESULT IF THE REPRESENTATIONS OF SUCH PURCHASER OR ANY SUCH TRANSFEREE, RESPECTIVELY, CONTAINED IN ITS INVESTOR LETTER ARE FALSE IN ANY MATERIAL RESPECT."

This letter and the representations and agreements contained herein are made for your benefit.

IN WITNESS WHEREOF, I have hereunto set my hand the ____ day of _____.

[PURCHASER]

Name: _____
Title: _____

MUST BE SIGNED BY ACTUAL
PARTICIPANT. MAY NOT BE SIGNED
BY NOMINEE OR AGENT.

EXHIBIT D
FORM OF BOND NOTE

MULTIFAMILY PROMISSORY NOTE

AFTER THE ENDORSEMENT AS HEREON PROVIDED AND PLEDGE OF THIS NOTE, THIS NOTE MAY NOT BE ASSIGNED, PLEDGED, ENDORSED OR OTHERWISE TRANSFERRED EXCEPT TO AN ASSIGNEE OR SUCCESSOR OF THE PURCHASER IN ACCORDANCE WITH THE FINANCING AGREEMENT, BOTH REFERRED TO HEREIN.

\$ _____

FOR VALUE RECEIVED, Pedcor Investments-2016-CLV, Limited Partnership, a limited partnership, duly formed and existing under the laws of the State of Oregon (the "Company"), by this promissory note hereby promises to pay to the order of the Housing Authority of Clackamas County, Oregon (the "Issuer") the principal sum of _____ Million _____ Thousand _____ Hundred Dollars (\$_____), together with interest on the unpaid principal amount hereof, from the Issue Date (as defined in the Financing Agreement referenced below) until paid in full, at a rate per annum equal to the rate of interest borne by the Bonds (as hereinafter defined) and premium, if any, on the Bonds. All such payments of principal, interest and premium shall be made in funds which shall be immediately available on the due date of such payments and in lawful money of the United States of America at the principal office of the Purchaser (as defined in the Financing Agreement).

The principal amount, interest and premium, if any, on this Note shall be payable on the dates and in the amount, that principal of, interest and premium, if any, on the Bonds are payable, subject to prepayment as hereinafter provided.

This promissory note is the "Bond Note" referred to in the Financing Agreement, dated as of April 1, 2017 (the "Financing Agreement") among the Issuer, the Company, P/R Mortgage & Investment Corp., United Fidelity Bank, fsb ("United") and International City Bank, N.A. ("International" and with United the "Purchasers"), the terms, conditions and provisions of which are hereby incorporated by reference.

This Note and the payments required to be made hereunder are irrevocably assigned, without recourse, representation or warranty, and pledged for payment of the Bonds to the Purchasers under the Financing Agreement, and such payments will be made directly to the Purchasers for the account of the Issuer pursuant to such assignment. Such assignment is made as security for the payment of \$_____ aggregate principal amount of Housing Authority of Clackamas County Multifamily Housing Revenue Bonds (Rosewood Terrace Apartments Project), Series 2017 (the "Bonds"). All the terms, conditions and provisions of the Financing Agreement and the Bonds are hereby incorporated as a part of this Note.

Notwithstanding any provision of this Note to the contrary, the Borrower's obligations hereunder are non-recourse to the Borrower and its partners and are: (1) payable solely from Surplus Cash and Sale Proceeds (as defined and as provided in the Financing Agreement); (2)

except for that portion of interest constituting Additional Interest, discharged and satisfied to the extent that the principal of and interest on the Bonds is paid from the Ginnie Mae Certificates (as defined in the Financing Agreement) and (3) with respect to that portion constituting Additional Interest, discharged and satisfied to the extent that Additional Interest on the Bonds is paid from the Subordinate Mortgage Notes of the Company (as defined in the Financing Agreement); however, to the extent that Additional Interest is payable from Surplus Cash, such payments shall be payable from up to 75% of such available Surplus Cash.

The Company may at its option, and may under certain circumstances be required to, prepay together with accrued interest, all or any part of the amount due on this Note, as provided in the Financing Agreement.

Presentation, demand, protest and notice of dishonor are hereby expressly waived by the Company.

The Company hereby promises to pay reasonable costs of collection and reasonable attorneys' fees in case of default on this Note.

* * * * *

This Note shall be governed by, and construed in accordance with, the laws of the State of Oregon.

PEDCOR INVESTMENTS-2016-CLV, LIMITED
PARTNERSHIP

By: Rosewood Terrace Housing Company, LLC,
its General Partner

By: Pedcor Investments, A Limited Liability
Company, its Managing Member

By: _____
Name: Thomas G. Crowe
Title: Executive Vice President, Development &
Finance

ENDORSEMENT

Pay to the order of United Fidelity Bank, UFB and International City Bank, without recourse, the Purchasers named in the Financing Agreement referred to in the within mentioned Note, as security for the Bonds issued under such Financing Agreement. This endorsement is given without any warranty as to the authority or genuineness of the signature of the maker of the Note.

HOUSING AUTHORITY OF CLACKMAS
COUNTY

By: _____
_____, President

Dated: _____, 2017

EXHIBIT E
PRINCIPAL AMORTIZATION

EXHIBIT F
PROJECT SITE

BOND PURCHASE AGREEMENT

Housing Authority of Clackamas County
Multifamily Housing Revenue Bonds
(Rosewood Terrace Apartments Project), Series 2017

April ____, 2017

Housing Authority of Clackamas County
13900 South Gain Street
P.O. Box 1510
Oregon City, OR 97045

Pedcor Investments-2016-CLV
c/o Pedcor Investments, LLC
770 3rd Avenue SW
Carmel, Indiana 46032

Ladies and Gentlemen:

International City Bank, N.A. (the "Purchaser"), on its own behalf and not as your fiduciary, hereby offers to enter into this Bond Purchase Agreement (this "Bond Purchase Agreement") with the Housing Authority of Clackamas County (the "Issuer") and Pedcor Investments-2016-CLV, an Oregon limited partnership (the "Borrower"). This offer is made subject to the Issuer's and the Borrower's acceptance on or before 10:00 a.m., Oregon time, on the date hereof, and, upon such acceptance, this Bond Purchase Agreement shall be in full force and effect in accordance with its terms and shall be binding upon the Issuer, the Borrower and the Purchaser, all as of 10:00 a.m., Oregon time, on the date hereof.

The Issuer is authorized to issue the above-captioned bonds in the maximum aggregate principal amount of \$_____ (the "Bonds") pursuant to the applicable provisions of Chapters 456 and 287A of Oregon Revised Statutes, as now in effect and as it may from time to time hereafter be amended and supplemented (the "Act") and pursuant to a resolution (the Bond Resolution") duly adopted by the Board of Directors of the Issuer. The Bonds shall be as described in and shall be issued pursuant to a Financing Agreement, dated as of January ____, 2018 (the "Financing Agreement"), by and among the Issuer, the Borrower, P/R Mortgage & Investment Corp. (the "Lender"), United Fidelity Bank, fsb, as a purchaser and an administrative agent for the Purchaser ("UFB") and the Purchaser. Capitalized terms used herein but not defined herein shall have the meanings assigned thereto in the Financing Agreement.

Purchaser will be purchasing \$_____ in principal amount of the Bonds (the "Purchaser Bonds") and UFB will be purchasing the remaining \$_____ in principal amount of the Bonds (the "UFB Bonds") pursuant to a Bond Purchase Agreement with UFB, the Issuer and the Borrower (the "UFB Bond Purchase Agreement").

Pursuant to the Financing Agreement, the proceeds of the Bonds will be loaned by the Issuer to the Borrower (the "Bond Loan") for the purpose of financing the acquisition, construction and equipping of an apartment complex known as Rosewood Terrace Apartments and located in the City of Happy Valley, Oregon (the "Project"). To evidence its repayment obligations under the Financing Agreement, the Borrower will execute a promissory note, dated the Closing Date (as defined below) (the "Bond Note").

The Bonds are limited obligations of the Issuer, and the principal of and interest thereon will be payable solely from the revenues and other moneys pledged and assigned by the Financing Agreement to secure such payment. The Bonds will be secured in part from payments made from fully modified pass-through mortgage backed securities issued by the Lender, which are guaranteed as to timely payment of principal and interest by the Government National Mortgage Association ("GNMA").

The Project is required to be operated in compliance with a Regulatory Agreement and Declaration of Restrictive Covenants, dated as of the date of the Financing Agreement (the "Regulatory Agreement"), by and among the Borrower, the Issuer and UFB.

The Project will utilize a mortgage loan (the "Senior Mortgage Loan") insured by the Federal Housing Administration ("FHA") under Section 221(d)(4) of the National Housing Act of 1934, as amended, and applicable regulations promulgated thereunder. In connection with the Senior Mortgage Loan, the Borrower will execute an FHA-insured Note (Multistate) (the "Senior Mortgage Note"). The Borrower's repayment obligations under the Senior Mortgage Note will be secured by a first lien Senior Multifamily Deed of Trust, Assignment of Rents and Security Agreement (the "Senior Mortgage") on the Project. The Borrower will also execute a Regulatory Agreement required by FHA (the "HUD Regulatory Agreement") with respect to the Project in order to provide for, among other things, a reserve fund for replacements, which will be held by the Lender. The Lender will hold a reserve for replacements as well as escrows for taxes, insurance and mortgage insurance premiums. In the event of conflict between the provisions of the Senior Mortgage Note, the Senior Mortgage, the HUD Regulatory Agreement and certain other documents required by FHA or the Lender (collectively, the "Senior Mortgage Loan Documents"), the Financing Agreement, the Bond Note or the Regulatory Agreement, the Senior Mortgage Loan Documents will control. The owners of the Bonds will have no rights under the Senior Mortgage Loan Documents and will not have a lien on the real estate on which the Project is located under the Senior Mortgage Loan Documents.

Purchaser and UFB will execute and deliver an Administrative Agency Agreement (the "Agency Agreement"), dated as of April 1, 2017, pursuant to which the Purchaser authorizes UFB to act as the Administrative Agent of the Purchaser for the purposes set forth in the Financing Agreement, the Regulatory Agreement and other related agreements with respect to the Bonds and authorizes the Lender, the Issuer, the Borrower and UFB to rely upon the powers granted to UFB in the Agency Agreement.

As additional inducement to the Purchaser to purchase the Bonds, the Borrower has agreed to pay and the Issuer agrees to pay, to the extent of payment by the Borrower, Additional Interest (as defined in the Financing Agreement) in the manner provided in the Financing Agreement.

On or prior to the Closing Date, the Purchaser shall have received a copy of each of the following documents, duly executed by all parties thereto or certified to the satisfaction of the Purchaser:

- (a) Financing Agreement;
- (b) Regulatory Agreement;
- (c) Senior Mortgage;
- (d) Senior Mortgage Note;
- (e) Bond Note;
- (f) Subordinate Note;
- (g) Subordinate Mortgage
- (h) Bonds;
- (i) This Bond Purchase Agreement;
- (j) The UFB Bond Purchase Agreement;
- (k) The Agency Agreement;
- (l) Subordination Agreement;
- (m) Tri Party Agreement; and
- (n) Third Position Deed of Trust.

The foregoing documents are hereinafter collectively referred to as the "Bond Documents." The Bond Documents executed by the Issuer shall be referred to herein as the "Issuer Documents." The Bond Documents executed by the Borrower shall be referred to herein as the "Borrower Documents."

SECTION 1. Purchase and Sale of the Bonds

On the basis of the representations, warranties and agreements contained herein, but subject to the terms and conditions herein, the Purchaser hereby agrees to purchase from the Issuer, and the Issuer hereby agrees to sell to the Purchaser, all, but not less than all, of the Purchaser Bonds for a purchase price of 100% of the principal amount of the Purchaser Bonds. The Bonds shall bear interest as provided in the Financing Agreement, and shall mature on _____.

The Issuer will deliver the Purchaser Bonds to or for the account of the Purchaser against payment of the initial advance in the amount of \$_____ by wire transfer of immediately available funds to the Lender (the "Closing") at or prior to 10:00 a.m., Oregon time, on _____, 2017, or at such other time not later than seven days thereafter as the Purchaser, the Borrower and

the Issuer shall mutually agree (the "Closing Date"). The Purchaser Bonds may be in printed, engraved, typewritten or photocopied form, and each such form shall constitute a "definitive" form.

SECTION 2. Issuer's Representations and Warranties and Agreements. The Issuer represents, warrants to, and covenants and agrees with, the Purchaser and the Borrower that:

(a) The Issuer is a duly organized and existing housing authority of the State of Oregon (the "State"), established by and acting pursuant to the Act, and has, and at the Closing Date will have, full legal right, power and authority under the Constitution and the laws of the State: (i) to enter into the Issuer Documents; (ii) to adopt the Bond Resolution; (iii) to issue, sell and deliver the Purchaser Bonds to the Purchaser under the Financing Agreement and as provided herein; (iv) to pledge and assign the revenue, other money, securities, funds, accounts, guarantees, insurance, and other items pledged under the terms of the Financing Agreement, as provision of and security for the payment of the principal of and interest on the Bonds, and to similarly pledge all money, securities and earnings held in the funds and accounts held under the Financing Agreement, all in the manner described in the Bond Resolution and the Financing Agreement; and (v) to carry out, give effect to and consummate all the other transactions contemplated by the Issuer Documents and the Bond Resolution.

(b) The Issuer has duly and validly adopted the Bond Resolution, has duly authorized and approved the execution and delivery of the Bonds, the Financing Agreement, the Regulatory Agreement, this Bond Purchase Agreement, the UFB Bond Purchase Agreement and the Subordinate Loan Documents to which the Issuer is a party. The Financing Agreement, the Regulatory Agreement, this Bond Purchase Agreement and the UFB Bond Purchase Agreement are referred to in this Bond Purchase Agreement collectively as the "Issuer Documents." The Bond Resolution is in full force and effect and the Issuer has duly authorized and approved the performance by the Issuer of all action as may be necessary for the Issuer to execute and deliver the Bonds and the Issuer Documents on the Closing Date, and the Bonds and the Issuer Documents will constitute the valid, legal and binding obligations of the Issuer (assuming due authorization, execution and delivery by the other parties thereto, where necessary) enforceable against the Issuer in accordance with their respective terms, except as enforceability may be limited by or rendered ineffective by (i) bankruptcy, insolvency, fraudulent conveyance, reorganization, moratorium and other similar laws affecting creditors' rights generally; (ii) the application of equitable principles and the exercise of judicial discretion in appropriate cases; (iii) common law and statutes affecting the enforceability of contractual obligations generally; (iv) principles of public policy concerning, affecting or limiting the enforcement of rights or remedies against governmental entities such as the Issuer.

(c) The Issuer's execution and delivery of the Bonds and the Issuer Documents, the Issuer's consummation of the transactions contemplated by such documents, and the Issuer's fulfillment of or compliance with the terms, conditions or provisions thereof will not conflict with, violate or result in the breach of any of the terms, conditions or provisions of any constitutional provision or statute of the State or of any agreement, instrument, statute, governmental rule or regulation, law and order, judgment or decree to which the Issuer is now a party or by which it is now bound, and will not constitute a default under any of the foregoing which has not been waived or consented to in writing by the appropriate party or parties, and will not result in the creation or imposition of any lien, charge, security interest or encumbrance of any nature upon any property

or assets of the Issuer prohibited under the terms of any such agreement, instrument, statute, governmental rule or regulation, court order, judgment or decree.

(d) There is no action, suit, proceeding, inquiry or investigation, at law or in equity, before or by any court, governmental agency, public board or body, pending or to the best of the Issuer's knowledge threatened against the Issuer in any way:

(i) Affecting the organization of the Issuer, or the legal or corporate existence of the Issuer, or the title of the officers of the Issuer to their respective offices, or any powers of the Issuer under the Constitution or the laws of the State pursuant to which the Issuer was created;

(ii) Seeking to prohibit, restrain or enjoin the issuance, sale or delivery of the Bonds or the collection of revenues from the Borrower derived from payments under the Financing Agreement, or the pledge thereof;

(iii) Contesting or affecting the validity or enforceability of the Bonds or the Issuer Documents;

(iv) Contesting the power of the Issuer to enter into, execute and deliver the Issuer Documents or to consummate the transactions contemplated by such documents;

wherein an unfavorable decision, ruling or finding would materially adversely affect the validity or enforceability of the Issuer Documents, the revenues the Issuer has pledged in the Financing Agreement to pay the Bonds, or the exclusion from gross income for federal income tax purposes of the interest on the Bonds.

(e) The Issuer has complied, and will at the Closing Date be in compliance, in all respects with the Bond Resolution and the Issuer Documents.

(f) All approvals, consents, authorization, elections and orders of or filings or registrations with any governmental authority, board, agency or issuer having jurisdiction which would constitute a condition precedent to, or the absence of which would materially adversely affect, the performance by the Issuer of its obligations hereunder or under the Bonds or any of the Issuer Documents have been obtained and are in full force and effect.

(g) The Purchaser Bonds, as and when delivered in accordance with the Financing Agreement and paid for by the Purchaser as provided in the Financing Agreement and herein, will be validly issued and outstanding limited obligations of the Issuer entitled to all the benefits and security of the Financing Agreement.

(h) Any certificate signed by the Executive Director of the Issuer shall be deemed a representation and warranty by the Issuer to the Purchaser as to the truth and accuracy of statements made therein.

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

SECTION 3. Representations, Warranties and Agreements of the Borrower. The Borrower represents and covenants with the Issuer and the Purchaser as follows:

(a) The Borrower is duly organized and existing as a limited partnership under the laws of the State of Oregon, has full legal right, power and authority to own its properties and to conduct its business and to enter into and to carry out and consummate the transactions contemplated by the Borrower Documents, 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 Financing Agreement 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 constitutional provision or law of any state 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, to the best of Borrower's knowledge, do not and will not conflict with or constitute on the part of the Borrower a violation or breach of or default under any constitutional provision or law of any state 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, 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) All consents, approvals, authorizations, and orders of or filings or registrations with any governmental authority, board, agency or issuer of any state or of the United States having jurisdiction required in connection with, or the absence of which would materially adversely affect, the execution and delivery by the Borrower of the Borrower Documents or the performance by the Borrower of its obligations thereunder have been obtained or made and are in full force and effect.

(f) As of the date hereof, there is no action, suit, proceeding, inquiry or investigation, 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 Borrower's actual knowledge, 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 Act, the Bonds, any Borrower Document or the execution and delivery or adoption by the Borrower of any Borrower Document, or in any way contesting or challenging 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 Borrower's financial condition or operations, the validity of the authorization, execution, delivery or performance by the Borrower of any Borrower Document or the exclusion from gross income for federal income tax purposes of the interest on the Bonds.

(g) Any certificate signed by an Authorized Representative of the Borrower and delivered to the Purchaser or the Issuer pursuant to the Financing Agreement or the Borrower Documents shall be deemed a representation and warranty by the Borrower to the Purchaser and the Issuer as to the statements made therein as of the date thereof.

(h) The Borrower will not take or omit to take any action, within its direct or indirect control, which action or omission will adversely affect the exclusion from gross income for federal income tax purposes of the interest on the Bonds.

(i) The Borrower shall honor all other Borrower covenants contained in the Borrower Documents, which agreements are incorporated herein and made a part of this Bond Purchase Agreement.

(j) The execution and delivery of this Bond Purchase Agreement by the Borrower shall constitute a representation to the Purchaser that the representations and warranties contained in this Section are true and correct in all material respects as of the date hereof.

SECTION 4. Indemnification

(a) The Borrower agrees to pay, defend, protect, indemnify, save and hold harmless the Purchaser and each affiliate, member, officer, director, official, supervisor, counsel, employee, attorney and agent past, present and future of the Purchaser 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 (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"), except any Liability arising from the gross negligence or willful misconduct of the Purchaser, caused by or directly or indirectly arising from or in any way relating to the Bonds, the Project, the Bond Loan, the Financing Agreement, this Bond Purchase Agreement, the UFB Bond Purchase Agreement or any document related to the Bonds, the Project, the Bond Loan (the "Transaction Documents") or any transaction or agreement, written or oral, pertaining to the foregoing.

(b) The Borrower agrees to pay, defend, protect, indemnify, save and hold harmless the Issuer and each affiliate, member, officer, director, official, supervisor, counsel, employee, attorney and agent past, present and future of the Issuer 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 (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"). except any Liability arising from the gross negligence or willful misconduct of the Issuer, caused by or directly or indirectly arising from or in any way relating to the Bonds, the Project, the Bond Loan, the Financing Agreement, this Bond Purchase Agreement, the UFB Bond Purchase Agreement or any document related to the Bonds, the Project, the Bond Loan (the "Transaction Documents") or any transaction or agreement, written or oral, pertaining to the foregoing.

(c) The Borrower also agrees to pay, defend, protect, indemnify, save and hold harmless the Purchaser and each affiliate, member, officer, director, official, employee and agent of the Purchaser from and against the Liabilities directly or indirectly arising from or relating to any errors or omissions of any nature whatsoever contained in any legal proceedings or other official representation or inducement made by the Issuer pertaining to the Bonds.

(d) The Purchaser agrees to pay, defend, protect, indemnify, save and hold harmless the Issuer and each affiliate, member, officer, director, official, supervisor, counsel, employee, attorney and agent past, present and future of the Issuer 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 (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"), except any Liability arising from the gross negligence or willful misconduct of the Issuer or the Borrower caused by or directly or indirectly arising from or in any way relating to the Purchaser's sale or transfer of the Bonds to third parties in violation of state or federal securities laws or the restrictions on such sales or transfers in the Financing Agreement.

(e) Any Indemnified Party shall notify the indemnifying party of the existence of any Liability to which this indemnification obligation would apply and shall give to the indemnifying party an opportunity to defend the same at the indemnifying party's expense and with counsel satisfactory to the Indemnified Party, provided that the Indemnified Party shall at all times also have the right to fully participate in the defense and shall have the right to review and approve or

disapprove any compromise or settlement which approval shall not be unreasonably withheld. If there may be legal defenses available to the Indemnified Party that are different from or in addition to those available to the indemnifying party, if conflicts of interest exist or arise between the indemnifying party and the Indemnified Party or if the indemnifying party shall, after this notice and within a period of time necessary to preserve any and all 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 and expense of, the indemnifying party.

(f) In order to provide for just and equitable contribution in circumstances in which the indemnity provided for in paragraph (a) or (b) of this Section is for any reason held to be unavailable, the Borrower and the Purchaser shall contribute proportionately to the aggregate Liabilities to which the Borrower and the Indemnified Parties may be subject, so that the Purchaser is responsible for that portion represented by the percentage that the fees paid by the Borrower to the Purchaser in connection with the issuance 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 Purchaser be responsible for any amount in excess of the fees paid by the Borrower to the Purchaser in connection with the issuance of the Bonds and provided further that the Borrower shall not be required to contribute for Liabilities arising from the gross negligence or willful misconduct of the Purchaser. No person guilty of fraudulent misrepresentation (within the meaning of Section 10(b) of the Securities Act of 1933) shall be entitled to contribution from any person who was not guilty of such misrepresentation.

(g) The Indemnified Parties, other than the Issuer and the Purchaser, shall be considered to be third-party beneficiaries of this Bond Purchase Agreement for purposes of this Section. The provisions of this Section will be in addition to all liability that the Borrower may otherwise have 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.

(h) The indemnification hereunder shall be in addition to, and shall not limit, any indemnity granted by the Borrower pursuant to the Financing Agreement, the Regulatory Agreement or any other document.

SECTION 5. Closing

At 10:00 a.m., Oregon time, on the Closing Date, or at such time on such earlier or later date as shall be agreed upon in writing by the Issuer, the Borrower and the Purchaser, the Issuer shall deliver the Purchaser Bonds to the Purchaser in definitive form, duly executed by an authorized officer of the Issuer. Subject to the terms and conditions hereof, the Issuer shall deliver at the Issuer's offices the Bond Documents and the Purchaser shall accept delivery of the Purchaser Bonds and the Bond Documents and pay the first advance on the purchase price for the Purchaser Bonds, for the account of the Issuer.

SECTION 6. Closing Conditions of the Purchaser

The obligation of the Purchaser to purchase the Purchaser Bonds and the obligation of the Issuer to sell the Purchaser Bonds to the Purchaser shall be subject to the following conditions precedent:

(a) The representations of the Issuer and the Borrower in this Bond Purchase Agreement and the representations and warranties made in each of the Bond Documents by the respective parties shall be true and correct on this date and on the Closing Date, as if made on the Closing Date, and each such party to the Bond Documents shall deliver a certificate to such effect. The Issuer and the Borrower shall have performed all of their obligations under this Bond Purchase Agreement, and the Issuer and the Borrower shall deliver certificates to such effect.

(b) Except as may have been agreed to by Purchaser, as of the Closing Date, each of the Bond Documents and all other official action of the Issuer relating thereto shall be in full force and effect and shall not have been amended, modified or supplemented.

(c) The Issuer and the Purchaser shall have received the approving opinions of _____ ("Issuer's Counsel") and the opinion of (or a reliance letter therefore) Hawkins Delafield & Wood LLC ("Bond Counsel"), in substantially the forms set forth respectively in Exhibit A and Exhibit B hereto, addressed to the Issuer, together with a reliance letter to the Purchaser; and the Purchaser shall have received a supplemental opinion of Bond Counsel dated the Closing Date and addressed to the Purchaser in substantially the form set forth in Exhibit C hereto.

(d) No default or event of default (as defined in any of the Bond Documents) shall have occurred and be continuing, and no event shall have occurred and be continuing which, with the lapse of time or the giving of notice or both, would constitute such a default or event of default.

(e) No material adverse change shall have occurred, nor shall any development involving a prospective material and adverse change in, or affecting the affairs, business, financial condition, results of operations, prospects or properties (including the Project) of, the Issuer or the Borrower have occurred between the date hereof and the Closing Date.

(f) On or prior to the Closing Date, all actions required to be taken as of the Closing Date in connection with the Bonds and the Bond Documents by the Issuer and the Borrower shall have been taken, and the Issuer and the Borrower shall each have performed and complied with all agreements, covenants and conditions required to be performed or complied with by the Bond Documents on or prior to the Closing Date, and the Issuer and the Borrower shall deliver a certificate to such effect insofar as the foregoing actions, agreements, covenants and conditions apply to each such party, and each of such agreements shall be in full force and effect and shall not have been amended, modified or supplemented, except as has been agreed to by the Purchaser.

(g) Each of the Bond Documents shall have been executed and delivered by each of the respective parties thereto, all such documents shall be in forms exhibited to Purchaser on this date with only such changes as the Purchaser may approve, and each of the Bond Documents shall be in full force and effect.

(h) None of the events referred to in Section 7 of this Bond Purchase Agreement shall have occurred.

(i) The Purchaser and the Issuer shall have received the opinion or opinions of counsel to the Borrower in form and substance satisfactory to the Purchaser.

(j) The Purchaser shall have received a certificate of the Borrower to the effect that: (A) each of the representations and warranties set forth in the Borrower Documents is true and correct in all material respects on the Closing Date with the same effect as if made on the Closing Date, and (B) 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.

(k) The Purchaser shall have received certificates, dated the Closing Date, and signed by an authorized official of the Issuer, to the effect that the representations and warranties of the Issuer contained in this Bond Purchase Agreement are true and correct in all material respects on the Closing Date with the same effect as if made on the Closing Date; and that the Issuer has complied with all the agreements and satisfied all the conditions on its part to be performed or satisfied under the Bonds and the Issuer Documents at or prior to the Closing Date.

(l) The Purchaser shall have received tax certificates of the Issuer and the Borrower, each dated the Closing Date, in a form acceptable to Bond Counsel, Purchaser's Tax Counsel (as defined herein) and Purchaser, with respect to the facts, estimates and circumstances and reasonable expectations pertaining to Sections 141 – 150 of the Code to support the conclusions that, among other things, none of the Bonds will be an "arbitrage bond" and that the Bonds will constitute a qualified residential rental project "exempt facility bond."

(m) The Purchaser shall have received such additional legal opinions, certificates, proceedings, instruments and other documents as the Purchaser or Bond Counsel may reasonably request.

(n) The Issuer shall have received Investor Letters from the Purchaser and UFB, in substantially the form attached to the Financing Agreement, addressed to the Issuer, the Borrower and the Lender.

(o) The Purchaser shall have received an opinion of Purchaser's Tax Counsel in a form acceptable to Purchaser.

(p) UFB, the Issuer and the Borrower shall have executed and delivered the UFB Bond Purchase Agreement and UFB shall have purchased the UFB Bonds.

If any conditions to the obligations of the Purchaser or Issuer contained in this Bond Purchase Agreement are not satisfied and the satisfaction of such conditions shall not be waived by the Purchaser and the Issuer, then, at the option of the Purchaser or the Issuer, (i) the Closing Date shall be postponed for such period, not to exceed seven (7) days, as may be necessary for such conditions to be satisfied or (ii) without limiting the generality of Section 7 of this Bond Purchase Agreement, the obligations of the Purchaser and Issuer under this Bond Purchase

Agreement shall terminate, and neither the Purchaser nor Issuer shall have any further obligations or liabilities under this Bond Purchase Agreement.

All of the legal opinions, certificates, proceedings, instruments and other documents mentioned above or elsewhere in this Bond Purchase Agreement shall be deemed to be in compliance with the provisions of this Bond Purchase Agreement if, but only if, they are in form and substance reasonably satisfactory to the Purchaser, the Borrower and the Issuer.

SECTION 7. Termination

The Purchaser may terminate its obligations under this Bond Purchase Agreement by written notice to the Issuer and the Borrower if, at any time subsequent to this date and on or prior to the Closing Date:

(a) (i) Legislation shall have been enacted by the Congress, or recommended to the Congress for passage by the President of the United States or the Department of the Treasury of the United States or the Internal Revenue Service or any member of the United States Congress, or favorably reported for passage to either House of the Congress by any Committee of such House to which such legislation has been referred for consideration, or (ii) a decision shall have been rendered by a court established under Article III of the Constitution of the United States, or the United States Tax Court, or (iii) an order, ruling, regulation or communication (including a press release) shall have been issued by the Department of the Treasury of the United States or the Internal Revenue Service, in each case referred to in clauses (i), (ii) and (iii), with the purpose or effect, directly or indirectly, of imposing federal income taxation upon interest to be received on obligations of the general character of the Bonds.

(b) Legislation shall have been enacted or a decision by a court of the United States shall be rendered or any action taken by the Securities and Exchange Commission which, in the opinion of counsel to the Purchaser, has the effect of requiring the offer or sale of the Bonds to be registered under the Securities Act of 1933, as amended, or the Financing Agreement to be qualified under the Trust Indenture Act of 1939, as amended.

(c) (i) In the judgment of the Purchaser, the market price of the Bonds is adversely affected because: (A) additional material restrictions not in force as of the date of this Agreement shall have been imposed upon trading in securities generally by any governmental authority or by any national securities exchange; (B) the New York Stock Exchange or other national securities exchange, or any governmental authority, shall impose, as to the Bonds or similar obligations, any material restrictions not now in force, or increase materially those now in force, with respect to the extension of credit by, or the charge to the net capital requirements of, the Purchaser; (C) a general banking moratorium shall have been established by federal, New York or State authorities; or (D) a war involving the United States of America shall have been declared, or any other national or international calamity shall have occurred, or any conflict involving the armed forces of the United States of America shall have escalated to such a magnitude as to materially affect the ability of the Purchaser to market the Bonds; or (ii) any litigation shall be instituted, pending or threatened to restrain or enjoin the issuance or sale of the Bonds or in any way contesting or affecting any authority or security for or the validity of the Bonds, or the existence or powers of the Issuer.

(d) There shall have occurred any change that, in the reasonable judgment of the Purchaser, makes unreasonable or unreliable any of the assumptions upon which: (i) payment of debt service on the Bonds or (ii) the basis for the exclusion from gross income for federal income tax purposes of interest on the Bonds, is predicated.

(e) There exists any event or circumstance that, in the reasonable opinion of the Purchaser, either makes untrue or incorrect in a material respect any statement or information concerning the Borrower contained in the Bond Documents or is not reflected in the Bond Documents, but is required to be reflected therein or should be reflected therein to make the statements and information contained in the Bond Documents not misleading in any material respect.

SECTION 8. Expenses

The Purchaser shall be under no obligation to pay, and the Borrower hereby agrees to pay, any 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 of the Financing Agreement and the Bond Resolution, 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 Issuer's Counsel and Bond Counsel in connection with the authorization and issuance of the Bonds; the fees and expenses of Issuer's counsel; fees and expenses of Ice Miller LLP ("Purchaser's Tax Counsel"); any application or administrative fee of the Issuer; and the fees and disbursements of the Issuer's financial advisor and any other experts or consultants retained by the Issuer; (d) the fees and expenses of Village Capital Corporation (the "Advisory Agent"); (e) the fees and expenses of the Purchaser; (f) the expenses relating to the meals, transportation, lodging, and entertainment incidental to implementing this Bond Purchase Agreement; and (g) all other expenses in connection with the sale of the Bonds. The Issuer shall have no obligation to pay any fees, expenses or costs associated with or resulting from the issuance and delivery of the Bonds. The Borrower shall pay for any expenses incurred on behalf of the Issuer's employees which are incidental to implementing this Bond Purchase Agreement.

SECTION 9. Notices

Any notice or other communication to be given to the Issuer or the Borrower under this Bond Purchase Agreement may be given by delivering the same in writing to the Issuer or the Borrower at their respective addresses set forth on the first page hereof. Any notice or other communication to be given to the Purchaser under this Bond Purchase Agreement may be given by delivering the same in writing to International City Bank, N.A., 249 East Ocean Boulevard, Long Beach, CA 90802, Attention: Michael C. Miller, President and CEO.

SECTION 10. Parties in Interest

This Bond Purchase Agreement is made solely for the benefit of the Issuer, the Borrower and the Purchaser (including any successor or assignees of the Purchaser), and, except as provided in Section 4 hereof, no other party or person shall acquire or have any right hereunder or by virtue hereof.

SECTION 11. Amendments

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

SECTION 12. 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 Purchaser (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 Purchaser Bonds.

SECTION 13. 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 14. 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 the Purchaser Bonds for the Issuer.

SECTION 15. 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 16. 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; provided that the corporate powers and legal capacity of the Purchaser shall be governed by, and construed and interpreted in accordance with, the laws of the State of Indiana.

SECTION 17. HUD Provisions

The Borrower, the Purchaser and the Issuer acknowledge that this Bond Purchase Agreement, and all of the Borrower's obligations hereunder, are subject and subordinate to the Senior Mortgage Loan Documents. Notwithstanding any provision in this Bond Purchase Agreement to the contrary, no obligations of the Borrower hereunder shall be payable except from (A) Surplus Cash (as defined in the HUD Regulatory Agreement) or (B) funds that are not derived from revenues of the Project (as defined in the Senior Mortgage), any proceeds of the Senior Mortgage Note, any reserve or deposit made with the Lender or any other party as required by HUD in connection with the Senior Mortgage Loan Documents (collectively, "Non-Project

Sources"). No claims or actions shall be made (or payable) under this Bond Purchase Agreement against the Project, the Lender, the proceeds of the Senior Mortgage Note, or the assets of the Borrower, except for Surplus Cash of the Borrower. In addition, the rights and obligations of the parties under this Bond Purchase Agreement and all other documents evidencing, implementing, or securing this Bond Purchase Agreement (collectively, the "Subordinate Bond Documents") are and shall be subordinated in all respects to the rights and obligations of the parties to and under the Senior Mortgage Loan Documents. In the event of any conflict between the provisions of (i) this Bond Purchase Agreement or the Subordinate Bond Documents and (ii) the provisions of the Senior Mortgage Loan Documents or the Program Obligations (as defined in the Senior Mortgage), the provisions of the Senior Mortgage Loan Documents or the Program Obligations shall control. The provisions of this Section 17 shall control over any inconsistent provisions in this Bond Purchase Agreement or the Subordinate Bond Documents. No amendment to this Bond Purchase Agreement shall conflict with the Senior Mortgage Loan Documents or the Program Obligations.

SECTION 18. Purchaser Not Acting as Municipal Advisor or Fiduciary

The Purchaser is not acting as a Municipal Advisor (as defined in Section 15B of the Securities Exchange Act of 1934, as amended and as in effect), broker, dealer, underwriter or municipal securities advisor, nor shall the Purchaser have a fiduciary duty, to the Issuer or the Borrower in connection with the matters contemplated by this Bond Purchase Agreement. The Issuer and the Borrower agree that the primary role of the Purchaser is to purchase securities in an arm's length commercial transaction between the Issuer and the Purchaser and the Purchaser's financial and other interests that differ from those of the Issuer and the Borrower. The Issuer further agrees that the Purchaser is acting solely as a principal and is not acting as a municipal advisor, financial advisor or fiduciary to the Issuer or the Borrower and has not assumed any advisory or fiduciary responsibility to the Issuer or the Borrower with respect to the transaction contemplated hereby and the discussions, undertakings and procedures leading thereto. The Issuer and the Borrower further agree that the only obligations the Purchaser has to the Issuer and the Borrower with respect to the transaction contemplated hereby are expressly set forth in this Bond Purchase Agreement and the other Bond Documents. The Issuer and the Borrower have consulted their own financial and/or municipal, legal, accounting, tax, financial and other advisors, as applicable, to the extent they have deemed appropriate. If the Issuer or the Borrower would like a municipal advisor in this transaction that has legal fiduciary duties to the Issuer or the Borrower, then the Issuer or the Borrower is free to engage a municipal advisor to serve in that capacity.

[Signature pages follow]

[Purchaser Signature Page to Bond Purchase Agreement]

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 and the Purchaser in accordance with its terms.

INTERNATIONAL CITY BANK, N.A.

By: _____
Name: _____
Title: _____

[Signatures continue on next page]

[Issuer Signature Page to Bond Purchase Agreement]

**HOUSING AUTHORITY OF CLACKAMAS
COUNTY**

By: _____
Name: _____
Title: Executive Director

[Signatures continue on next page]

[Borrower Signature Page to the Bond Purchase Agreement]

PEDCOR INVESTMENTS-2016-CLV

By: _____, LLC
Its General Partner

By: Pedcor Investments, A Limited Liability
Company, its Managing Manager

By: _____
Name: Thomas G. Crowe
Title: Executive Vice President, Development &
Finance

EXHIBIT A

APPROVING OPINION OF ISSUER'S COUNSEL

April ____, 2017

EXHIBIT B
OPINION OF BOND COUNSEL

April ____, 2017

EXHIBIT C

SUPPLEMENTAL OPINION OF BOND COUNSEL

[Letterhead of Hawkins Delafield & Wood LLC]

April __, 2017

Housing Authority of Clackamas County
13900 South Gain Street
P.O. Box 1510
Oregon City, OR 97045

Subject: \$[principal] Housing Authority of Clackamas County, Oregon,
Multifamily Housing Revenue Bonds (Rosewood Terrace Apartments Project),
Series 2017

Ladies and Gentlemen:

We have acted as bond counsel to the Housing Authority of Clackamas County, Oregon (the "Issuer") in connection with the Issuer's \$[principal] Multifamily Housing Revenue Bonds (Rosewood Terrace Apartments Project), Series 2017 (the "Bonds"). The Bonds are being sold to United Fidelity Bank, fsb and International City Bank, N.A. (collectively, the "Purchasers") pursuant to the terms of Bond Purchase Agreements for the Bonds that are dated as of even date herewith (the "Bond Purchase Agreements"). The Bonds are being issued pursuant to the authority of Oregon Revised Statutes Chapter 456, the applicable provisions of Oregon Revised Statutes Chapter 287A, and Issuer Resolution No. __ adopted on ____, __ (the "Resolution"), for the purpose of assisting Pedcor Investments-2016-CLV (the "Borrower") in financing a portion of the costs associated with the acquisition and construction of Rosewood Terrace Apartments (the "Project") as provided in the Financing Agreement among the Issuer, the Borrower, the Purchasers and P/R Mortgage & Investment Corp. that is dated as of even date herewith (the "Financing Agreement").

We have examined the law and such certified proceedings and other documents as we deem necessary to render this opinion.

We are not expressing any opinion or view on, and are assuming and relying on, the validity, accuracy and sufficiency of such representations, proceedings and certifications, including the accuracy of all factual matters represented (without undertaking to verify the same by independent investigation). We have assumed the genuineness of all signatures (other than those of the Issuer), the authenticity of all documents submitted to us as originals and the conformity to authentic original documents of all documents submitted to us as certified, conformed or photostatic copies.

On the basis of the foregoing, it is our opinion as bond counsel that:

1. The Bond Purchase Agreements have been duly authorized, executed and delivered by the Issuer, and (assuming due authorization, execution and delivery by the other parties thereto) constitute legal, valid and binding obligations of the Issuer. The portion of this opinion that is set forth in this paragraph 1, is qualified only to the extent that enforceability of the Bond Purchase Agreements may be limited by or rendered ineffective by (i) bankruptcy, insolvency, fraudulent conveyance, reorganization, moratorium and other similar laws affecting creditors' rights generally; (ii) the application of equitable principles and the exercise of judicial discretion in appropriate cases; (iii) common law and statutes affecting the enforceability of contractual obligations generally; and (iv) principles of public policy concerning, affecting or limiting the enforcement of rights or remedies against governmental entities such as the Issuer.

2. Under existing law, the offer and sale of the Bonds are not subject to registration with the Securities and Exchange Commission under the Securities Act of 1933, as amended. We expressly disclaim any responsibility for rendering an opinion on any security other than the Bonds.

3. The Financing Agreement is exempt from qualification under the Trust Indenture Act of 1939, as amended.

We are opining only upon those matters set forth herein and we assume no obligation to advise you of any changes in the foregoing subsequent to the delivery of this opinion letter.

The Purchasers have represented and warranted in the Financing Agreement that they will acquire the Bonds for their own accounts and that they have no present intention to make any distribution or disposition of the Bonds. We have not been provided with or engaged to review any offering material relating to the Bonds, and we express no opinion relating thereto.

This opinion is limited to matters of Oregon law and applicable Federal law, and we assume no responsibility as to the applicability of laws of other jurisdictions.

This opinion is provided to you as a legal opinion only, and not as a guaranty or warranty of the matters discussed herein. No opinions may be inferred or implied beyond the matters expressly stated herein. No qualification, limitation or exception contained herein shall be construed in any way to limit the scope of the other qualifications, limitations and exceptions. For purposes of this opinion, the terms "law" and "laws" do not include unpublished judicial decisions, and we disclaim the effect of any such decision on this opinion.

We have served as bond counsel only to the Issuer in connection with the initial purchase of the Bonds and have not represented and are not representing any other party in connection with the Bonds. This opinion is given solely for the benefit of the Issuer in connection with the Bonds and may not be relied on in any manner or for any purpose by any person or entity other than the Issuer and any person to whom we may send a formal reliance letter indicating that the recipient is entitled to rely on this opinion.

Very truly yours,

BOND PURCHASE AGREEMENT

Housing Authority of Clackamas County
Multifamily Housing Revenue Bonds
(Rosewood Terrace Apartments Project), Series 2017

April __, 2017

Housing Authority of Clackamas County
13900 South Gain Street
P.O. Box 1510
Oregon City, OR 97045

Pedcor Investments-2016-CLV
c/o Pedcor Investments, LLC
770 3rd Avenue SW
Carmel, Indiana 46032

Ladies and Gentlemen:

United Fidelity Bank, fsb (the "Purchaser"), on its own behalf and not as your fiduciary, hereby offers to enter into this Bond Purchase Agreement (this "Bond Purchase Agreement") with the Housing Authority of Clackamas County (the "Issuer") and Pedcor Investments-2016-CLV, an Oregon limited partnership (the "Borrower"). This offer is made subject to the Issuer's and the Borrower's acceptance on or before 10:00 a.m., Oregon time, on the date hereof, and, upon such acceptance, this Bond Purchase Agreement shall be in full force and effect in accordance with its terms and shall be binding upon the Issuer, the Borrower and the Purchaser, all as of 10:00 a.m., Oregon time, on the date hereof.

The Issuer is authorized to issue the above-captioned bonds in the maximum aggregate principal amount of \$_____ (the "Bonds") pursuant to the applicable provisions of Chapters 456 and 287A of Oregon Revised Statutes, as now in effect and as it may from time to time hereafter be amended and supplemented (the "Act") and pursuant to a resolution (the Bond Resolution") duly adopted by the Board of Directors of the Issuer. The Bonds shall be as described in and shall be issued pursuant to a Financing Agreement, dated as of January __, 2018 (the "Financing Agreement"), by and among the Issuer, the Borrower, P/R Mortgage & Investment Corp. (the "Lender"), International City Bank, N.A. ("International") and the Purchaser. Capitalized terms used herein but not defined herein shall have the meanings assigned thereto in the Financing Agreement.

Purchaser will be purchasing \$_____ in principal amount of the Bonds (the "Purchaser Bonds") and International will be purchasing the remaining \$_____ in principal amount of the Bonds (the "Bonds") pursuant to a Bond Purchase Agreement with International, the Issuer and the Borrower (the "International Bond Purchase Agreement").

Pursuant to the Financing Agreement, the proceeds of the Bonds will be loaned by the Issuer to the Borrower (the "Bond Loan") for the purpose of financing the acquisition, construction and equipping of an apartment complex known as Rosewood Terrace Apartments and located in the City of Happy Valley, Oregon (the "Project"). To evidence its repayment obligations under the Financing Agreement, the Borrower will execute a promissory note, dated the Closing Date (as defined below) (the "Bond Note").

The Bonds are limited obligations of the Issuer, and the principal of and interest thereon will be payable solely from the revenues and other moneys pledged and assigned by the Financing Agreement to secure such payment. The Bonds will be secured in part from payments made from fully modified pass-through mortgage backed securities issued by the Lender, which are guaranteed as to timely payment of principal and interest by the Government National Mortgage Association ("GNMA").

The Project is required to be operated in compliance with a Regulatory Agreement and Declaration of Restrictive Covenants, dated as of the date of the Financing Agreement (the "Regulatory Agreement"), by and among the Borrower, the Issuer and the Purchaser.

The Project will utilize a mortgage loan (the "Senior Mortgage Loan") insured by the Federal Housing Administration ("FHA") under Section 221(d)(4) of the National Housing Act of 1934, as amended, and applicable regulations promulgated thereunder. In connection with the Senior Mortgage Loan, the Borrower will execute an FHA-insured Note (Multistate) (the "Senior Mortgage Note"). The Borrower's repayment obligations under the Senior Mortgage Note will be secured by a first lien Senior Multifamily Deed of Trust, Assignment of Rents and Security Agreement (the "Senior Mortgage") on the Project. The Borrower will also execute a Regulatory Agreement required by FHA (the "HUD Regulatory Agreement") with respect to the Project in order to provide for, among other things, a reserve fund for replacements, which will be held by the Lender. The Lender will hold a reserve for replacements as well as escrows for taxes, insurance and mortgage insurance premiums. In the event of conflict between the provisions of the Senior Mortgage Note, the Senior Mortgage, the HUD Regulatory Agreement and certain other documents required by FHA or the Lender (collectively, the "Senior Mortgage Loan Documents"), the Financing Agreement, the Bond Note or the Regulatory Agreement, the Senior Mortgage Loan Documents will control. The owners of the Bonds will have no rights under the Senior Mortgage Loan Documents and will not have a lien on the real estate on which the Project is located under the Senior Mortgage Loan Documents.

Purchaser and International will execute and deliver an Administrative Agency Agreement (the "Agency Agreement"), dated as of April 1, 2017, pursuant to which International authorizes UFB to act as the Administrative Agent of International for the purposes set forth in the Financing Agreement, the Regulatory Agreement and other related agreements with respect to the Bonds and authorizes the Lender, the Issuer, the Borrower and UFB to rely upon the powers granted to UFB in the Agency Agreement.

As additional inducement to the Purchaser to purchase the Bonds, the Borrower has agreed to pay and the Issuer agrees to pay, to the extent of payment by the Borrower, Additional Interest (as defined in the Financing Agreement) in the manner provided in the Financing Agreement.

On or prior to the Closing Date, the Purchaser shall have received a copy of each of the following documents, duly executed by all parties thereto or certified to the satisfaction of the Purchaser:

- (a) Financing Agreement;
- (b) Regulatory Agreement;
- (c) Senior Mortgage;
- (d) Senior Mortgage Note;
- (e) Bond Note;
- (f) Subordinate Note;
- (g) Subordinate Mortgage;
- (h) Bonds;
- (i) This Bond Purchase Agreement;
- (j) The International Bond Purchase Agreement;
- (k) The Agency Agreement;
- (l) Subordination Agreement;
- (m) Tri Party Agreement; and
- (n) Third Position Deed of Trust.

The foregoing documents are hereinafter collectively referred to as the "Bond Documents." The Bond Documents executed by the Issuer shall be referred to herein as the "Issuer Documents." The Bond Documents executed by the Borrower shall be referred to herein as the "Borrower Documents."

SECTION 1. Purchase and Sale of the Bonds

On the basis of the representations, warranties and agreements contained herein, but subject to the terms and conditions herein, the Purchaser hereby agrees to purchase from the Issuer, and the Issuer hereby agrees to sell to the Purchaser, all, but not less than all, of the Purchaser Bonds for a purchase price of 100% of the principal amount of the Purchaser Bonds. The Purchaser Bonds shall bear interest as provided in the Financing Agreement, and shall mature on _____.

The Issuer will deliver the Purchaser Bonds to or for the account of the Purchaser against payment of the initial advance in the amount of \$_____ by wire transfer of immediately

available funds to the Lender (the "Closing") at or prior to 10:00 a.m., Oregon time, on _____, 2017, or at such other time not later than seven days thereafter as the Purchaser, the Borrower and the Issuer shall mutually agree (the "Closing Date"). The Purchaser Bonds may be in printed, engraved, typewritten or photocopied form, and each such form shall constitute a "definitive" form.

SECTION 2. Issuer's Representations and Warranties and Agreements. The Issuer represents, warrants to, and covenants and agrees with, the Purchaser and the Borrower that:

(a) The Issuer is a duly organized and existing housing authority of the State of Oregon (the "State"), established by and acting pursuant to the Act, and has, and at the Closing Date will have, full legal right, power and authority under the Constitution and the laws of the State: (i) to enter into the Issuer Documents; (ii) to adopt the Bond Resolution; (iii) to issue, sell and deliver the Purchaser Bonds to the Purchaser under the Financing Agreement and as provided herein; (iv) to pledge and assign the revenue, other money, securities, funds, accounts, guarantees, insurance, and other items pledged by the Issuer under the terms of the Financing Agreement, as provision of and security for the payment of the principal of and interest on the Bonds, and to similarly pledge all money, securities and earnings of the Issuer held in the funds and accounts held under the Financing Agreement, all in the manner described in the Financing Agreement; and (v) to carry out, give effect to and consummate all the other transactions contemplated by the Issuer Documents and the Bond Resolution.

(b) The Issuer has duly and validly adopted the Bond Resolution, has duly authorized and approved the execution and delivery of the Bonds, the Financing Agreement, the Regulatory Agreement, this Bond Purchase Agreement, the International Bond Purchase Agreement and the Subordinate Loan Documents to which the Issuer is a party. The Financing Agreement, the Regulatory Agreement, this Bond Purchase Agreement and the International Bond Purchase Agreement are referred to in this Bond Purchase Agreement collectively as the "Issuer Documents." The Bond Resolution is in full force and effect and the Issuer has duly authorized and approved the performance by the Issuer of all actions as may be necessary for the Issuer to execute and deliver the Bonds and the Issuer Documents on the Closing Date, and the Bonds and the Issuer Documents will constitute the valid, legal and binding obligations of the Issuer (assuming due authorization, execution and delivery by the other parties thereto, where necessary) enforceable against the Issuer in accordance with their respective terms, except as enforceability may be limited by or rendered ineffective by (i) bankruptcy, insolvency, fraudulent conveyance, reorganization, moratorium and other similar laws affecting creditors' rights generally; (ii) the application of equitable principles and the exercise of judicial discretion in appropriate cases; (iii) common law and statutes affecting the enforceability of contractual obligations generally; (iv) principles of public policy concerning, affecting or limiting the enforcement of rights or remedies against governmental entities such as the Issuer.

(c) The Issuer's execution and delivery of the Bonds and the Issuer Documents, the Issuer's consummation of the transactions contemplated by such documents, and the Issuer's fulfillment of or compliance with the terms, conditions or provisions thereof will not conflict with, violate or result in the breach of any of the terms, conditions or provisions of any constitutional provision or statute of the State or of any agreement, instrument, statute, governmental rule or regulation, law and order, judgment or decree to which the Issuer is now a party or by which it is

bound, and will not constitute a default under any of the foregoing which has not been waived or consented to in writing by the appropriate party or parties, and will not result in the creation or imposition of any lien, charge, security interest or encumbrance of any nature upon any property or assets of the Issuer prohibited under the terms of any such agreement, instrument, statute, governmental rule or regulation, court order, judgment or decree.

(d) There is no action, suit, proceeding, inquiry or investigation, at law or in equity, before or by any court, governmental agency, public board or body, pending or to the best of the Issuer's knowledge threatened against the Issuer in any way:

(i) Affecting the organization of the Issuer, or the legal or corporate existence of the Issuer, or the title of the officers of the Issuer to their respective offices, or any powers of the Issuer under the Constitution or the laws of the State pursuant to which the Issuer was created;

(ii) Seeking to prohibit, restrain or enjoin the issuance, sale or delivery of the Bonds or the collection of revenues from the Borrower derived from payments under the Financing Agreement, or the pledge thereof;

(iii) Contesting or affecting the validity or enforceability of the Bonds or the Issuer Documents;

(iv) Contesting the power of the Issuer to enter into, execute and deliver the Issuer Documents or to consummate the transactions contemplated by such documents;

wherein an unfavorable decision, ruling or finding would materially adversely affect the validity or enforceability of the Issuer Documents, the revenues of the Issuer has pledged in the Financing Agreement to pay the Bonds, or the exclusion from gross income for federal income tax purposes of the interest on the Bonds.

(e) The Issuer has complied, and will at the Closing Date be in compliance, in all respects with the Bond Resolution and the Issuer Documents.

(f) All approvals, consents, authorization, elections and orders of or filings or registrations with any governmental authority, board, agency or issuer having jurisdiction which would constitute a condition precedent to, or the absence of which would materially adversely affect, the performance on the Closing Date by the Issuer of its obligations hereunder or under the Bonds or any of the Issuer Documents have been obtained and are in full force and effect.

(g) The Purchaser Bonds, as and when delivered in accordance with the Financing Agreement and paid for by the Purchaser as provided in the Financing Agreement and herein, will be validly issued and outstanding limited obligations of the Issuer entitled to all the benefits and security of the Financing Agreement.

(h) Any certificate signed by the Executive Director of the Issuer shall be deemed a representation and warranty by the Issuer to the Purchaser as to the truth and accuracy of statements made therein.

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

SECTION 3. Representations, Warranties and Agreements of the Borrower. The Borrower represents and covenants with the Issuer and the Purchaser as follows:

(a) The Borrower is duly organized and existing as a limited partnership under the laws of the State of Oregon, has full legal right, power and authority to own its properties and to conduct its business and to enter into and to carry out and consummate the transactions contemplated by the Borrower Documents, 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 Financing Agreement 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 constitutional provision or law of any state 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, to the best of Borrower's knowledge, do not and will not conflict with or constitute on the part of the Borrower a violation or breach of or default under any constitutional provision or law of any state 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, 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) All consents, approvals, authorizations, and orders of or filings or registrations with any governmental authority, board, agency or issuer of any state or of the United States having jurisdiction required in connection with, or the absence of which would materially adversely affect, the execution and delivery by the Borrower of the Borrower Documents or the performance by the Borrower of its obligations thereunder have been obtained or made and are in full force and effect.

(f) As of the date hereof, there is no action, suit, proceeding, inquiry or investigation, 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 Borrower's actual knowledge, 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 Act, the Bonds, any Borrower Document or the execution and delivery or adoption by the Borrower of any Borrower Document, or in any way contesting or challenging 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 Borrower's financial condition or operations, the validity of the authorization, execution, delivery or performance by the Borrower of any Borrower Document or the exclusion from gross income for federal income tax purposes of the interest on the Bonds.

(g) Any certificate signed by an Authorized Representative of the Borrower and delivered to the Purchaser or the Issuer pursuant to the Financing Agreement or the Borrower Documents shall be deemed a representation and warranty by the Borrower to the Purchaser and the Issuer as to the statements made therein as of the date thereof.

(h) The Borrower will not take or omit to take any action, within its direct or indirect control, which action or omission will adversely affect the exclusion from gross income for federal income tax purposes of the interest on the Bonds.

(i) The Borrower shall honor all other Borrower covenants contained in the Borrower Documents, which agreements are incorporated herein and made a part of this Bond Purchase Agreement.

(j) The execution and delivery of this Bond Purchase Agreement by the Borrower shall constitute a representation to the Purchaser that the representations and warranties contained in this Section are true and correct in all material respects as of the date hereof.

SECTION 4. Indemnification

(a) The Borrower agrees to pay, defend, protect, indemnify, save and hold harmless the Purchaser and each affiliate, member, officer, director, official, supervisor, counsel, employee, attorney and agent past, present and future of the Purchaser 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 (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") except any Liability arising from the gross negligence or willful misconduct of the Purchaser, caused by or directly or indirectly arising from or in any way relating to the Bonds, the Project, the Bond Loan, the Financing Agreement, this Bond Purchase Agreement, the International Bond Purchase Agreement or any document related to the Bonds, the Project, the Bond Loan (the "Transaction Documents") or any transaction or agreement, written or oral, pertaining to the foregoing.

(b) The Borrower agrees to pay, defend, protect, indemnify, save and hold harmless the Issuer and each affiliate, member, officer, director, official, supervisor, counsel, employee, attorney and agent past, present and future of the Issuer 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 (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"). except any Liability arising from the gross negligence or willful misconduct of the Issuer, caused by or directly or indirectly arising from or in any way relating to the Bonds, the Project, the Bond Loan, the Financing Agreement, this Bond Purchase Agreement, the UFB Bond Purchase Agreement or any document related to the Bonds, the Project, the Bond Loan (the "Transaction Documents") or any transaction or agreement, written or oral, pertaining to the foregoing.

(c) The Borrower also agrees to pay, defend, protect, indemnify, save and hold harmless the Purchaser and each affiliate, member, officer, director, official, employee and agent of the Purchaser from and against the Liabilities directly or indirectly arising from or relating to any errors or omissions of any nature whatsoever contained in any legal proceedings or other official representation or inducement made by the Issuer pertaining to the Bonds.

(d) The Purchaser agrees to pay, defend, protect, indemnify, save and hold harmless the Issuer and each affiliate, member, officer, director, official, supervisor, counsel, employee, attorney and agent past, present and future of the Issuer 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 (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"), except any Liability arising from the gross negligence or willful misconduct of the Issuer or the Borrower caused by or directly or indirectly arising from or in any way relating to the Purchaser's sale or transfer of the Bonds to third parties in violation of state or federal securities laws or the restrictions on such sales or transfers in the Financing Agreement.

(e) Any Indemnified Party shall notify the indemnifying party of the existence of any Liability to which this indemnification obligation would apply and shall give to the indemnifying party an opportunity to defend the same at the indemnifying party's expense and with counsel satisfactory to the Indemnified Party, provided that the Indemnified Party shall at all times also have the right to fully participate in the defense and shall have the right to review and approve or disapprove any compromise or settlement which approval shall not be unreasonably withheld. If there may be legal defenses available to the Indemnified Party that are different from or in addition to those available to the indemnifying party, if conflicts of interest exist or arise between the indemnifying party and the Indemnified Party or if the indemnifying party shall, after this notice and within a period of time necessary to preserve any and all 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 and expense of, the indemnifying party.

(f) In order to provide for just and equitable contribution in circumstances in which the indemnity provided for in paragraph (a) or (b) of this Section is for any reason held to be unavailable, the Borrower and the Purchaser shall contribute proportionately to the aggregate Liabilities to which the Borrower and the Indemnified Parties may be subject, so that the Purchaser is responsible for that portion represented by the percentage that the fees paid by the Borrower to the Purchaser in connection with the issuance 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 Purchaser be responsible for any amount in excess of the fees paid by the Borrower to the Purchaser in connection with the issuance of the Bonds and provided further that the Borrower shall not be required to contribute for Liabilities arising from the gross negligence or willful misconduct of the Purchaser. No person guilty of fraudulent misrepresentation (within the meaning of Section 10(b) of the Securities Act of 1933) shall be entitled to contribution from any person who was not guilty of such misrepresentation.

(g) The Indemnified Parties, other than the Issuer and the Purchaser, shall be considered to be third-party beneficiaries of this Bond Purchase Agreement for purposes of this Section. The provisions of this Section will be in addition to all liability that the Borrower may otherwise have 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.

(h) The indemnification hereunder shall be in addition to, and shall not limit, any indemnity granted by the Borrower pursuant to the Financing Agreement, the Regulatory Agreement or any other document.

SECTION 5. Closing

At 10:00 a.m., Oregon time, on the Closing Date, or at such time on such earlier or later date as shall be agreed upon in writing by the Issuer, the Borrower and the Purchaser, the Issuer shall deliver the Purchaser Bonds to the Purchaser in definitive form, duly executed by an authorized officer of the Issuer. Subject to the terms and conditions hereof, the Issuer shall deliver at the Issuer's offices the Bond Documents and the Purchaser shall accept delivery of the Purchaser Bonds and the Bond Documents and pay the first advance on the purchase price for the Purchaser Bonds, for the account of the Issuer.

SECTION 6. Closing Conditions of the Purchaser

The obligation of the Purchaser to purchase the Purchaser Bonds and the obligation of the Issuer to sell the Purchaser Bonds to the Purchaser shall be subject to the following conditions precedent:

(a) The representations of the Issuer and the Borrower in this Bond Purchase Agreement and the representations and warranties made in each of the Bond Documents by the respective parties shall be true and correct on this date and on the Closing Date, as if made on the Closing Date, and each such party to the Bond Documents shall deliver a certificate to such effect. The Issuer and the Borrower shall have performed all of their obligations under this Bond Purchase Agreement, and the Issuer and the Borrower shall deliver certificates to such effect.

(b) Except as may have been agreed to by Purchaser, as of the Closing Date, each of the Bond Documents and all other official action of the Issuer relating thereto shall be in full force and effect and shall not have been amended, modified or supplemented.

(c) The Issuer and the Purchaser shall have received the approving opinions of _____ ("Issuer's Counsel") and the opinion of (or a reliance letter therefore) Hawkins Delafield & Wood LLC ("Bond Counsel"), in substantially the forms set forth respectively in Exhibit A and Exhibit B hereto, addressed to the Issuer, together with a reliance letter to the Purchaser; and the Purchaser shall have received a supplemental opinion of Bond Counsel dated the Closing Date and addressed to the Purchaser in substantially the form set forth in Exhibit C hereto.

(d) No default or event of default (as defined in any of the Bond Documents) shall have occurred and be continuing, and no event shall have occurred and be continuing which, with the lapse of time or the giving of notice or both, would constitute such a default or event of default.

(e) No material adverse change shall have occurred, nor shall any development involving a prospective material and adverse change in, or affecting the affairs, business, financial condition, results of operations, prospects or properties (including the Project) of, the Issuer or the Borrower have occurred between the date hereof and the Closing Date.

(f) On or prior to the Closing Date, all actions required to be taken as of the Closing Date in connection with the Bonds and the Bond Documents by the Issuer and the Borrower shall have been taken, and the Issuer and the Borrower shall each have performed and complied with

all agreements, covenants and conditions required to be performed or complied with by the Bond Documents on or prior to the Closing Date, and the Issuer and the Borrower shall deliver a certificate to such effect insofar as the foregoing actions, agreements, covenants and conditions apply to each such party, and each of such agreements shall be in full force and effect and shall not have been amended, modified or supplemented, except as has been agreed to by the Purchaser.

(g) Each of the Bond Documents shall have been executed and delivered by each of the respective parties thereto, all such documents shall be in forms exhibited to Purchaser on this date with only such changes as the Purchaser may approve, and each of the Bond Documents shall be in full force and effect.

(h) None of the events referred to in Section 7 of this Bond Purchase Agreement shall have occurred.

(i) The Purchaser and the Issuer shall have received the opinion or opinions of counsel to the Borrower in form and substance satisfactory to the Purchaser.

(j) The Purchaser shall have received a certificate of the Borrower to the effect that: (A) each of the representations and warranties set forth in the Borrower Documents is true and correct in all material respects on the Closing Date with the same effect as if made on the Closing Date, and (B) 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.

(k) The Purchaser shall have received certificates, dated the Closing Date, and signed by an authorized official of the Issuer, to the effect that the representations and warranties of the Issuer contained in this Bond Purchase Agreement are true and correct in all material respects on the Closing Date with the same effect as if made on the Closing Date; and that the Issuer has complied with all the agreements and satisfied all the conditions on its part to be performed or satisfied under the Bonds and the Issuer Documents at or prior to the Closing Date.

(l) The Purchaser shall have received tax certificates of the Issuer and the Borrower, each dated the Closing Date, in a form acceptable to Bond Counsel, Purchaser's Tax Counsel (as defined herein) and Purchaser, with respect to the facts, estimates and circumstances and reasonable expectations pertaining to Sections 141 – 150 of the Code to support the conclusions that, among other things, none of the Bonds will be an "arbitrage bond" and that the Bonds will constitute a qualified residential rental project "exempt facility bond."

(m) The Purchaser shall have received such additional legal opinions, certificates, proceedings, instruments and other documents as the Purchaser or Bond Counsel may reasonably request.

(n) The Issuer shall have received an Investor Letter from the Purchaser and International, in substantially the form attached to the Financing Agreement, addressed to the Issuer, the Borrower and the Lender.

(o) The Purchaser shall have received an opinion of Purchaser's Tax Counsel in a form acceptable to Purchaser.

(p) International, the Issuer and the Borrower shall have executed and delivered the International Bond Purchase Agreement and International shall have purchased the International Bonds.

If any conditions to the obligations of the Purchaser or Issuer contained in this Bond Purchase Agreement are not satisfied and the satisfaction of such conditions shall not be waived by the Purchaser and the Issuer, then, at the option of the Purchaser or the Issuer, (i) the Closing Date shall be postponed for such period, not to exceed seven (7) days, as may be necessary for such conditions to be satisfied or (ii) without limiting the generality of Section 7 of this Bond Purchase Agreement, the obligations of the Purchaser and Issuer under this Bond Purchase Agreement shall terminate, and neither the Purchaser nor Issuer shall have any further obligations or liabilities under this Bond Purchase Agreement.

All of the legal opinions, certificates, proceedings, instruments and other documents mentioned above or elsewhere in this Bond Purchase Agreement shall be deemed to be in compliance with the provisions of this Bond Purchase Agreement if, but only if, they are in form and substance reasonably satisfactory to the Purchaser, the Borrower and the Issuer.

SECTION 7. Termination

The Purchaser may terminate its obligations under this Bond Purchase Agreement by written notice to the Issuer and the Borrower if, at any time subsequent to this date and on or prior to the Closing Date:

(a) (i) Legislation shall have been enacted by the Congress, or recommended to the Congress for passage by the President of the United States or the Department of the Treasury of the United States or the Internal Revenue Service or any member of the United States Congress, or favorably reported for passage to either House of the Congress by any Committee of such House to which such legislation has been referred for consideration, or (ii) a decision shall have been rendered by a court established under Article III of the Constitution of the United States, or the United States Tax Court, or (iii) an order, ruling, regulation or communication (including a press release) shall have been issued by the Department of the Treasury of the United States or the Internal Revenue Service, in each case referred to in clauses (i), (ii) and (iii), with the purpose or effect, directly or indirectly, of imposing federal income taxation upon interest to be received on obligations of the general character of the Bonds.

(b) Legislation shall have been enacted or a decision by a court of the United States shall be rendered or any action taken by the Securities and Exchange Commission which, in the opinion of counsel to the Purchaser, has the effect of requiring the offer or sale of the Bonds to be registered under the Securities Act of 1933, as amended, or the Financing Agreement to be qualified under the Trust Indenture Act of 1939, as amended.

(c) (i) In the judgment of the Purchaser, the market price of the Bonds is adversely affected because: (A) additional material restrictions not in force as of the date of this Agreement shall have been imposed upon trading in securities generally by any governmental authority or by any national securities exchange; (B) the New York Stock Exchange or other national securities exchange, or any governmental authority, shall impose, as to the Bonds or similar obligations, any

material restrictions not now in force, or increase materially those now in force, with respect to the extension of credit by, or the charge to the net capital requirements of, the Purchaser; (C) a general banking moratorium shall have been established by federal, New York or State authorities; or (D) a war involving the United States of America shall have been declared, or any other national or international calamity shall have occurred, or any conflict involving the armed forces of the United States of America shall have escalated to such a magnitude as to materially affect the ability of the Purchaser to market the Bonds; or (ii) any litigation shall be instituted, pending or threatened to restrain or enjoin the issuance or sale of the Bonds or in any way contesting or affecting any authority or security for or the validity of the Bonds, or the existence or powers of the Issuer.

(d) There shall have occurred any change that, in the reasonable judgment of the Purchaser, makes unreasonable or unreliable any of the assumptions upon which: (i) payment of debt service on the Bonds or (ii) the basis for the exclusion from gross income for federal income tax purposes of interest on the Bonds, is predicated.

(e) There exists any event or circumstance that, in the reasonable opinion of the Purchaser, either makes untrue or incorrect in a material respect any statement or information concerning the Borrower contained in the Bond Documents or is not reflected in the Bond Documents, but is required to be reflected therein or should be reflected therein to make the statements and information contained in the Bond Documents not misleading in any material respect.

SECTION 8. Expenses

The Purchaser shall be under no obligation to pay, and the Borrower hereby agrees to pay, any 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 of the Financing Agreement and the Bond Resolution, 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 Issuer's Counsel and Bond Counsel in connection with the authorization and issuance of the Bonds; the fees and expenses of Issuer's counsel; fees and expenses of Ice Miller LLP ("Purchaser's Tax Counsel"); any application or administrative fee of the Issuer; and the fees and disbursements of the Issuer's financial advisor and any other experts or consultants retained by the Issuer; (d) the fees and expenses of Village Capital Corporation (the "Advisory Agent"); (e) the fees and expenses of the Purchaser; (f) the expenses relating to the meals, transportation, lodging, and entertainment incidental to implementing this Bond Purchase Agreement; and (g) all other expenses in connection with the sale of the Bonds. The Issuer shall have no obligation to pay any fees, expenses or costs associated with or resulting from the issuance and delivery of the Bonds. The Borrower shall pay for any expenses incurred on behalf of the Issuer's employees which are incidental to implementing this Bond Purchase Agreement.

SECTION 9. Notices

Any notice or other communication to be given to the Issuer or the Borrower under this Bond Purchase Agreement may be given by delivering the same in writing to the Issuer or the Borrower at their respective addresses set forth on the first page hereof. Any notice or other

communication to be given to the Purchaser under this Bond Purchase Agreement may be given by delivering the same in writing to United Fidelity Bank, fsb, 18 NW Fourth Street, Evansville, Indiana 46698, Attention: Donald R. Neel, President and CEO.

SECTION 10. Parties in Interest

This Bond Purchase Agreement is made solely for the benefit of the Issuer, the Borrower and the Purchaser (including any successor or assignees of the Purchaser), and, except as provided in Section 4 hereof, no other party or person shall acquire or have any right hereunder or by virtue hereof.

SECTION 11. Amendments

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

SECTION 12. 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 Purchaser (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 Purchaser Bonds.

SECTION 13. 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 14. 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 Purchaser Bonds for the Issuer.

SECTION 15. 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 16. 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; provided that the corporate powers and

legal capacity of the Purchaser shall be governed by, and construed and interpreted in accordance with, the laws of the State of Indiana.

SECTION 17. HUD Provisions

The Borrower, the Purchaser and the Issuer acknowledge that this Bond Purchase Agreement, and all of the Borrower's obligations hereunder, are subject and subordinate to the Senior Mortgage Loan Documents. Notwithstanding any provision in this Bond Purchase Agreement to the contrary, no obligations of the Borrower hereunder shall be payable except from (A) Surplus Cash (as defined in the HUD Regulatory Agreement) or (B) funds that are not derived from revenues of the Project (as defined in the Senior Mortgage), any proceeds of the Senior Mortgage Note, any reserve or deposit made with the Lender or any other party as required by HUD in connection with the Senior Mortgage Loan Documents (collectively, "Non-Project Sources"). No claims or actions shall be made (or payable) under this Bond Purchase Agreement against the Project, the Lender, the proceeds of the Senior Mortgage Note, or the assets of the Borrower, except for Surplus Cash of the Borrower. In addition, the rights and obligations of the parties under this Bond Purchase Agreement and all other documents evidencing, implementing, or securing this Bond Purchase Agreement (collectively, the "Subordinate Bond Documents") are and shall be subordinated in all respects to the rights and obligations of the parties to and under the Senior Mortgage Loan Documents. In the event of any conflict between the provisions of (i) this Bond Purchase Agreement or the Subordinate Bond Documents and (ii) the provisions of the Senior Mortgage Loan Documents or the Program Obligations (as defined in the Senior Mortgage), the provisions of the Senior Mortgage Loan Documents or the Program Obligations shall control. The provisions of this Section 17 shall control over any inconsistent provisions in this Bond Purchase Agreement or the Subordinate Bond Documents. No amendment to this Bond Purchase Agreement shall conflict with the Senior Mortgage Loan Documents or the Program Obligations.

SECTION 18. Purchaser Not Acting as Municipal Advisor or Fiduciary

The Purchaser is not acting as a Municipal Advisor (as defined in Section 15B of the Securities Exchange Act of 1934, as amended and as in effect), broker, dealer, underwriter or municipal securities advisor, nor shall the Purchaser have a fiduciary duty, to the Issuer or the Borrower in connection with the matters contemplated by this Bond Purchase Agreement. The Issuer and the Borrower agree that the primary role of the Purchaser is to purchase securities in an arm's length commercial transaction between the Issuer and the Purchaser and the Purchaser's financial and other interests that differ from those of the Issuer and the Borrower. The Issuer further agrees that the Purchaser is acting solely as a principal and is not acting as a municipal advisor, financial advisor or fiduciary to the Issuer or the Borrower and has not assumed any advisory or fiduciary responsibility to the Issuer or the Borrower with respect to the transaction contemplated hereby and the discussions, undertakings and procedures leading thereto. The Issuer and the Borrower further agree that the only obligations the Purchaser has to the Issuer and the Borrower with respect to the transaction contemplated hereby are expressly set forth in this Bond Purchase Agreement and the other Bond Documents. The Issuer and the Borrower have consulted their own financial and/or municipal, legal, accounting, tax, financial and other advisors, as applicable, to the extent they have deemed appropriate. If the Issuer or the Borrower would like a

municipal advisor in this transaction that has legal fiduciary duties to the Issuer or the Borrower, then the Issuer or the Borrower is free to engage a municipal advisor to serve in that capacity.

[Signature pages follow]

[Purchaser Signature Page to Bond Purchase Agreement]

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 and the Purchaser in accordance with its terms.

UNITED FIDELITY BANK, fsb

By: _____
Name: Kirby J. Purciful
Title: Senior Vice President & CFO

[Signatures continue on next page]

[Issuer Signature Page to Bond Purchase Agreement]

**HOUSING AUTHORITY OF CLACKAMAS
COUNTY**

By: _____
Name: _____
Title: Executive Director

[Signatures continue on next page]

[Borrower Signature Page to the Bond Purchase Agreement]

PEDCOR INVESTMENTS-2016-CLV

By: _____, LLC
its General Partner

By: Pedcor Investments, A Limited Liability
Company, its Managing Manager

By: _____
Name: Thomas G. Crowe
Title: Executive Vice President, Development &
Finance

EXHIBIT A

APPROVING OPINION OF ISSUER'S COUNSEL

April ____, 2017

EXHIBIT B

OPINION OF BOND COUNSEL

April __, 2017

EXHIBIT C

SUPPLEMENTAL OPINION OF BOND COUNSEL

[Letterhead of Hawkins Delafield & Wood LLP]

April ___, 2017

Housing Authority of Clackamas County
13900 South Gain Street
P.O. Box 1510
Oregon City, OR 97045

Subject: \$[principal] Housing Authority of Clackamas County, Oregon,
Multifamily Housing Revenue Bonds (Rosewood Terrace Apartments Project),
Series 2017

Ladies and Gentlemen:

We have acted as bond counsel to the Housing Authority of Clackamas County, Oregon (the "Issuer") in connection with the Issuer's \$[principal] Multifamily Housing Revenue Bonds (Rosewood Terrace Apartments Project), Series 2017 (the "Bonds"). The Bonds are being sold to United Fidelity Bank, fsb and International City Bank, N.A. (collectively, the "Purchasers") pursuant to the terms of Bond Purchase Agreements for the Bonds that are dated as of even date herewith (the "Bond Purchase Agreements"). The Bonds are being issued pursuant to the authority of Oregon Revised Statutes Chapter 456, the applicable provisions of Oregon Revised Statutes Chapter 287A, and Issuer Resolution No. ___ adopted on _____, ___ (the "Resolution"), for the purpose of assisting Pedcor Investments-2016-CLV (the "Borrower") in financing a portion of the costs associated with the acquisition and construction of Rosewood Terrace Apartments (the "Project") as provided in the Financing Agreement among the Issuer, the Borrower, the Purchasers and P/R Mortgage & Investment Corp. that is dated as of even date herewith (the "Financing Agreement").

We have examined the law and such certified proceedings and other documents as we deem necessary to render this opinion.

We are not expressing any opinion or view on, and are assuming and relying on, the validity, accuracy and sufficiency of such representations, proceedings and certifications, including the accuracy of all factual matters represented (without undertaking to verify the same by independent investigation). We have assumed the genuineness of all signatures (other than those of the Issuer), the authenticity of all documents submitted to us as originals and the

conformity to authentic original documents of all documents submitted to us as certified, conformed or photostatic copies.

On the basis of the foregoing, it is our opinion as bond counsel that:

1. The Bond Purchase Agreements have been duly authorized, executed and delivered by the Issuer, and (assuming due authorization, execution and delivery by the other parties thereto) constitute legal, valid and binding obligations of the Issuer. The portion of this opinion that is set forth in this paragraph 1, is qualified only to the extent that enforceability of the Bond Purchase Agreements may be limited by or rendered ineffective by (i) bankruptcy, insolvency, fraudulent conveyance, reorganization, moratorium and other similar laws affecting creditors' rights generally; (ii) the application of equitable principles and the exercise of judicial discretion in appropriate cases; (iii) common law and statutes affecting the enforceability of contractual obligations generally; and (iv) principles of public policy concerning, affecting or limiting the enforcement of rights or remedies against governmental entities such as the Issuer.

2. Under existing law, the offer and sale of the Bonds are not subject to registration with the Securities and Exchange Commission under the Securities Act of 1933, as amended. We expressly disclaim any responsibility for rendering an opinion on any security other than the Bonds.

3. The Financing Agreement is exempt from qualification under the Trust Indenture Act of 1939, as amended.

We are opining only upon those matters set forth herein and we assume no obligation to advise you of any changes in the foregoing subsequent to the delivery of this opinion letter.

The Purchasers have represented and warranted in the Financing Agreement that they will acquire the Bonds for their own accounts and that they have no present intention to make any distribution or disposition of the Bonds. We have not been provided with or engaged to review any offering material relating to the Bonds, and we express no opinion relating thereto.

This opinion is limited to matters of Oregon law and applicable Federal law, and we assume no responsibility as to the applicability of laws of other jurisdictions.

This opinion is provided to you as a legal opinion only, and not as a guaranty or warranty of the matters discussed herein. No opinions may be inferred or implied beyond the matters expressly stated herein. No qualification, limitation or exception contained herein shall be construed in any way to limit the scope of the other qualifications, limitations and exceptions. For purposes of this opinion, the terms "law" and "laws" do not include unpublished judicial decisions, and we disclaim the effect of any such decision on this opinion.

We have served as bond counsel only to the Issuer in connection with the initial purchase of the Bonds and have not represented and are not representing any other party in connection with the Bonds. This opinion is given solely for the benefit of the Issuer in connection with the Bonds and may not be relied on in any manner or for any purpose by any person or entity other than the Issuer and any person to whom we may send a formal reliance letter indicating that the recipient is entitled to rely on this opinion.

Very truly yours,