
2022 Federal Low Income Housing Tax Credit Program

Application For Reservation

Deadline for Submission

9% Competitive Credits

Applications Must Be Received At VHDA No Later Than **12:00 PM**
Richmond, VA Time On **March 10, 2022**

Tax Exempt Bonds

Applications should be received at VHDA at least one month before the bonds are *priced* (if bonds issued by VHDA), or 75 days before the bonds are *issued* (if bonds are not issued by VHDA)



Virginia Housing
601 South Belvidere Street
Richmond, Virginia 23220-6500

INSTRUCTIONS FOR THE VIRGINIA 2022 LIHTC APPLICATION FOR RESERVATION

This application was prepared using Excel, Microsoft Office 2016. Please note that using the active Excel workbook does not eliminate the need to submit the required PDF of the signed hardcopy of the application and related documentation. A more detailed explanation of application submission requirements is provided below and in the Application Manual.

An electronic copy of your completed application is a mandatory submission item.

Applications For 9% Competitive Credits

Applicants should submit an electronic copy of the application package prior to the application deadline, which is **12:00 PM** Richmond Virginia time on **March 10, 2022**. Failure to submit an electronic copy of the application by the deadline will cause the application to be disqualified.

Please Note:

Applicants should submit all application materials in electronic format only.

There should be distinct files which should include the following:

- 1. Application For Reservation – the active Microsoft Excel workbook**
- 2. A PDF file which includes the following:**
 - Application For Reservation – Signed version of hardcopy
 - All application attachments (i.e. tab documents, excluding market study and plans & specs)
- 3. Market Study – PDF or Microsoft Word format**
- 4. Plans - PDF or other readable electronic format**
- 5. Specifications - PDF or other readable electronic format (may be combined into the same file as the plans if necessary)**
- 6. Unit-By-Unit work write up (rehab only) - PDF or other readable electronic format**

IMPORTANT:

Virginia Housing only accepts files via our work center sites on Procorem. Contact TaxCreditApps@virginiahousing.com for access to Procorem or for the creation of a new deal workcenter. Do not submit any application materials to any email address unless specifically requested by the Virginia Housing LIHTC Allocation Department staff.

Disclaimer:

Virginia Housing assumes no responsibility for any problems incurred in using this spreadsheet or for the accuracy of calculations. Check your application for correctness and completeness before submitting the application to Virginia Housing.

Entering Data:

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

Please Note:

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

Assistance:

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

Virginia Housing LIHTC Allocation Staff Contact Information

Name	Email	Phone Number
JD Bondurant	johndavid.bondurant@virginiahousing.com	(804) 343-5725
Stephanie Flanders	stephanie.flanders@virginiahousing.com	(804) 343-5939
Phil Cunningham	phillip.cunningham@virginiahousing.com	(804) 343-5514
Pamela Freeth	pamela.freeth@virginiahousing.com	(804) 343-5563
Aniyah Moaney	aniyah.moaney@virginiahousing.com	(804) 343-5518

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2022 Low-Income Housing Tax Credit Application For Reservation

Please indicate if the following items are included with your application by putting an 'X' in the appropriate boxes. Your assistance in organizing the submission in the following order, and actually using tabs to mark them as shown, will facilitate review of your application. Please note that all mandatory items must be included for the application to be processed. The inclusion of other items may increase the number of points for which you are eligible under Virginia Housing's point system of ranking applications, and may assist Virginia Housing in its determination of the appropriate amount of credits that may be reserved for the development.

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

A. GENERAL INFORMATION ABOUT PROPOSED DEVELOPMENT

Application Date: 3/8/2022

16. Local Needs and Support

- a. Provide the name and the address of the chief executive officer (City Manager, Town Manager, or County Administrator of the political jurisdiction in which the development will be located:

Chief Executive Officer's Name: Lincoln Saunders
 Chief Executive Officer's Title: Chief Administrative Officer Phone: (804) 646-3944
 Street Address: 900 E. Broad St
 City: Richmond State: VA Zip: 23219

Name and title of local official you have discussed this project with who could answer questions for the local CEO: Sharon Ebert Deputy Chief Administrative Officer

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

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

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

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

B. RESERVATION REQUEST INFORMATION

1. Requesting Credits From:

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

Accessible Supportive Housing Pool

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

[Redacted]

For Tax Exempt Bonds, where are bonds being issued?

[Redacted]

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

2. Type(s) of Allocation/Allocation Year

Carryforward Allocation

Definitions of types:

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

b. **Carryforward Allocation** means all of the buildings in the development are expected to be placed in service within two years after the end of this calendar year, 2022, but the owner will have more than 10% basis in development before the end of twelve months following allocation of credits. For those buildings, the owner requests a carryforward allocation of 2022 credits pursuant to Section 42(h)(1)(E).

3. Select Building Allocation type:

N/A

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

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

FALSE

5. Planned Combined 9% and 4% Developments

FALSE

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

Name of companion development: [Redacted]

a. Has the developer met with Virginia Housing regarding the 4% tax exempt bond deal?

FALSE

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

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

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

6. Extended Use Restriction

Note: Each recipient of an allocation of credits will be required to record an **Extended Use Agreement** as required by the IRC governing the use of the development for low-income housing for at least 30 years. Applicant waives the right to pursue a Qualified Contract.

Must Select One: 30

Definition of selection:

Development will be subject to the standard extended use agreement of 15 extended use period (after the mandatory 15-year compliance period.)

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

TRUE

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

C. OWNERSHIP INFORMATION

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

FALSE

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

3. Developer Experience:

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

FALSE

a. A principal of the controlling general partner or managing member for the proposed development has developed as a controlling general partner or managing member for (i) at least three tax credit developments that contain at least three times the number of housing units in the proposed development or (ii) at least six tax credit developments.

Action: Must be included on Virginia Housing Experienced LIHTC Developer List or provide copies of 8609s, partnership agreements and organizational charts **(Tab P)**

FALSE

b. A principal of the controlling general partner or managing member for the proposed development has developed at least three deals as principal and have at \$500,000 in liquid assets.

Action: Must be included on the Virginia Housing Experienced LIHTC Developer List or provide Audited Financial Statements and copies of 8609s **(Tab P)**

FALSE

c. The development's principal(s), as a group or individually, have developed as controlling general partner or managing member, at least one tax credit development that contains at least the same number of units of this proposed development (can include Market units).

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

TRUE

d. The development has an experienced sponsor (as defined in the manual) that has placed at least one LIHTC development in service in Virginia within the past 5 years.

Action: Provide one 8609 from qualifying development. **(Tab P)**

TRUE

e. The development has an experienced sponsor (as defined in the manual) that has placed at least three (3) LIHTC developments in service in any state within the past 6 years (in addition to any development provided to qualify for option d. above)

Action: Provide one 8609 from each qualifying development. **(Tab P)**

FALSE

f. Applicant is competing in the Local Housing Authority pool and partnering with an experienced sponsor (as defined in the manual), other than a local housing auth

Action: Provide documentation as stated in the manual. **(Tab P)**

D. SITE CONTROL

NOTE: Site control by the Owner identified herein is a mandatory precondition of review of this application. Documentary evidence in the form of either a deed, option, purchase contract or lease for a term longer than the period of time the property will be subject to occupancy restrictions must be included herewith. (For 9% Competitive Credits - An option or contract must extend beyond the application deadline by a minimum of four months.)

Warning: Site control by an entity other than the Owner, even if it is a closely related party, is not sufficient. Anticipated future transfers to the Owner are not sufficient. The Owner, as identified previously, must have site control at the time this Application is submitted.

NOTE: If the Owner receives a reservation of credits, the property must be titled in the name of or leased by (pursuant to a long-term lease) the Owner before the allocation of credits is made.

Contact Virginia Housing before submitting this application if there are any questions about this requirement.

1. Type of Site Control by Owner:

Applicant controls site by (select one):

Select Type: Option

Expiration Date: 1/31/2023

In the Option or Purchase contract - Any contract for the acquisition of a site with an existing residential property may not require an empty building as a condition of such contract, unless relocation assistance is provided to displaced households, if any, at such level required by Virginia Housing. See QAP for further details.

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

FALSE There is more than one site for development and more than one form of site control.

(If **True**, provide documentation for each site specifying number of existing buildings on the site (if any), type of control of each site, and applicable expiration date of stated site control. A site control document is required for each site (**Tab E**.)

2. Timing of Acquisition by Owner:

Only one of the following statement should be True.

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

b. TRUE Owner is to acquire property by deed (or lease for period no shorter than period property will be subject to occupancy restrictions) no later than..... 1/15/2023 .

c. FALSE There is more than one site for development and more than one expected date of acquisition by Owner.

(If c is **True**, provide documentation for each site specifying number of existing buildings on the site, if any, and expected date of acquisition of each site by Owner (**Tab E**.)

D. SITE CONTROL

3. Seller Information:

Name: The Most Reverend Barry C. Knestout, Bishop of the Catholic Diocese of Richmond, Virginia an

Address: 7800 Carousel Lane

City: Richmond St.: VA Zip: 23294

Contact Person: Mike McGee Phone: (804) 359-9159

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

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

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

<u>Names</u>	<u>Phone</u>	<u>Type Ownership</u>	<u>% Ownership</u>
			0.00%
			0.00%
			0.00%
			0.00%
			0.00%
			0.00%
			0.00%

E. DEVELOPMENT TEAM INFORMATION

Complete the following as applicable to your development team.

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

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

1. Tax Attorney:	Erik Hoffman	This is a Related Entity.	FALSE
Firm Name:	Klein Hornig	DEI Designation?	FALSE
Address:	1325 G Street NW, Suite 77, Washington DC, 20005		
Email:	ehoffman@kleinhornig.com	Phone:	(202) 842-0125
2. Tax Accountant:		This is a Related Entity.	FALSE
Firm Name:		DEI Designation?	FALSE
Address:			
Email:		Phone:	
3. Consultant:		This is a Related Entity.	FALSE
Firm Name:		DEI Designation?	FALSE
Address:		Role:	
Email:		Phone:	
4. Management Entity:		This is a Related Entity.	FALSE
Firm Name:		DEI Designation?	FALSE
Address:			
Email:		Phone:	
5. Contractor:	Andy Beach	This is a Related Entity.	FALSE
Firm Name:	UrbanCore Construction	DEI Designation?	FALSE
Address:	409 E Main Street, Suite 100, Richmond, VA 23219		
Email:	abeach@urbancoreva.com	Phone:	(804) 212-6515
6. Architect:	Burt Pinnock	This is a Related Entity.	FALSE
Firm Name:	Baskervill	DEI Designation?	FALSE
Address:	1051 E Cary Street, Richmond, VA 23219		
Email:	bpinnock@baskervill.com	Phone:	(804) 728-3039
7. Real Estate Attorney:	Erik Hoffman	This is a Related Entity.	FALSE
Firm Name:	Klein Hornig	DEI Designation?	FALSE
Address:	1325 G Street NW, Suite 77, Washington DC, 20005		
Email:	ehoffman@kleinhornig.com	Phone:	(202) 842-0125
8. Mortgage Banker:		This is a Related Entity.	FALSE
Firm Name:		DEI Designation?	FALSE
Address:			
Email:		Phone:	
9. Other:	Hunter Snellings	This is a Related Entity.	FALSE
Firm Name:	People Incorporated Housing Group	DEI Designation?	FALSE
Address:	1173 West Main Street, Abingdon, VA, 24210		
Email:	hsnellings@peopleinc.net	Role:	Co-Managing Member
		Phone:	(276) 608-7355

F. REHAB INFORMATION

1. Acquisition Credit Information

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

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

b. This development has received a previous allocation of credits..... **FALSE**

If so, in what year did this development receive credits?

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

d. This development is an existing RD or HUD S8/236 development..... **FALSE**

Action: (If True, provide required form in **TAB Q**)

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

i. Applicant agrees to waive all rights to any developer's fee or other fees associated with acquisition..... **FALSE**

ii. Applicant has obtained a waiver of this requirement from Virginia Housing prior to the application submission deadline..... **FALSE**

2. Ten-Year Rule For Acquisition Credits

a. All buildings satisfy the 10-year look-back rule of IRC Section 42 (d)(2)(B), including the 10% basis/\$15,000 rehab costs (\$10,000 for Tax Exempt Bonds) per unit requirement..... **FALSE**

b. All buildings qualify for an exception to the 10-year rule under IRC Section 42(d)(2)(D)(i),..... **FALSE**

i. Subsection (I)..... **FALSE**

ii. Subsection (II)..... **FALSE**

iii. Subsection (III)..... **FALSE**

iv. Subsection (IV)..... **FALSE**

v. Subsection (V)..... **FALSE**

c. The 10-year rule in IRC Section 42 (d)(2)(B) for all buildings does not apply pursuant to IRC Section 42(d)(6)..... **FALSE**

d. There are different circumstances for different buildings..... **FALSE**

Action: (If True, provide an explanation for each building in Tab K)

F. REHAB INFORMATION

3. Rehabilitation Credit Information

- a. Credits are being requested for rehabilitation expenditures..... **FALSE**

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

G. NONPROFIT INVOLVEMENT

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

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

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

- TRUE a. Be authorized to do business in Virginia.
- TRUE b. Be substantially based or active in the community of the development.
- TRUE c. Materially participate in the development and operation of the development throughout the compliance period (i.e., regular, continuous and substantial involvement) in the operation of the development throughout the Compliance Period.
- TRUE d. Own, either directly or through a partnership or limited liability company, 100% of the general partnership or managing member interest.
- TRUE e. Not be affiliated with or controlled by a for-profit organization.
- TRUE f. Not have been formed for the principal purpose of competition in the Non Profit Pool.
- TRUE g. Not have any staff member, officer or member of the board of directors materially participate, directly or indirectly, in the proposed development as a for profit entity.

2. All Applicants: To qualify for points under the ranking system, the nonprofit's involvement need not necessarily satisfy all of the requirements for participation in the nonprofit tax credit pool.

A. Nonprofit Involvement (All Applicants)

There is nonprofit involvement in this development..... TRUE (If false, go on to #3.)

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

B. Type of involvement:

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

or

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

C. Identity of Nonprofit (All nonprofit applicants):

The nonprofit organization involved in this development is: ▶ Applicant

Name: Commonwealth Catholic Charities Housing Corporatio

Contact Person: Jason "Jay" Brown

Street Address: 1601 Rolling Hills Drive

City: Richmond State: ▶ VA Zip: 23229

Phone: (804) 677-3641 Contact Email: jay.brown@cccova.org

G. NONPROFIT INVOLVEMENT

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

Specify the nonprofit entity's percentage ownership of the general partnership interest: 75.0%

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

A. TRUE After the mandatory 15-year compliance period, a qualified nonprofit or local housing authority will have the option to purchase or the right of first refusal to acquire the development for a price not to exceed the outstanding debt and exit taxes. Such debt must be limited to the original mortgage(s) unless any refinancing is approved by the nonprofit. See manual for more specifics.

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

Name of qualified nonprofit: Commonwealth Catholic Charities Housing Corporation

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

2. FALSE A qualified nonprofit or local housing authority submits a homeownership plan committing to sell the units in the development after the mandatory 15-year compliance period to tenants whose incomes shall not exceed the applicable income limit at the time of their initial occupancy.

Action: Provide Homeownership Plan **(TAB N)**

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

H. STRUCTURE AND UNITS INFORMATION

1. General Information

a. Total number of all units in development	56	bedrooms	114
Total number of rental units in development	56	bedrooms	114
Number of low-income rental units	56	bedrooms	114
Percentage of rental units designated low-income	100.00%		
b. Number of new units:.....	56	bedrooms	114
Number of adaptive reuse units:	0	bedrooms	0
Number of rehab units:.....	0	bedrooms	0
c. If any, indicate number of planned exempt units (included in total of all units in development).....	0		
d. Total Floor Area For The Entire Development.....	52,585.63 (Sq. ft.)		
e. Unheated Floor Area (i.e. Breezeways, Balconies, Storage).....	4,170.09 (Sq. ft.)		
f. Nonresidential Commercial Floor Area (Not eligible for funding).....	0.00		
g. Total Usable Residential Heated Area.....	48,415.54 (Sq. ft.)		
h. Percentage of Net Rentable Square Feet Deemed To Be New Rental Space	100.00%		
i. Exact area of site in acres	3.315		
j. Locality has approved a final site plan or plan of development.....	TRUE		
If True , Provide required documentation (TAB O).			
k. Requirement as of 2016: Site must be properly zoned for proposed development. ACTION: Provide required zoning documentation (MANDATORY TAB G)			
l. Development is eligible for Historic Rehab credits.....	FALSE		

Definition:

The structure is historic, by virtue of being listed individually in the National Register of Historic Places, or due to its location in a registered historic district and certified by the Secretary of the Interior as being of historical significance to the district, and the rehabilitation will be completed in such a manner as to be eligible for historic rehabilitation tax credits.

H. STRUCTURE AND UNITS INFORMATION

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

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

h. Development contains an elevator(s). FALSE
 If true, # of Elevators. 0
 Elevator Type (if known) _____

i. Roof Type ▶ Pitched
 j. Construction Type ▶ Frame
 k. Primary Exterior Finish ▶ Combination _____

4. Site Amenities (indicate all proposed)

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

l. Describe Community Facilities: On-site rental office with community room

m. Number of Proposed Parking Spaces 76
 Parking is shared with another entity FALSE

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

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

H. STRUCTURE AND UNITS INFORMATION

5. Plans and Specifications

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

- b. The following are due at reservation for Tax Exempt 4% Applications and at allocation for 9% Applications.
 - i. Phase I environmental assessment.
 - ii. Physical needs assessment for any rehab only development.

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

6. Market Study Data: (MANDATORY)

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

Project Wide Capture Rate - LIHTC Units	3.60%
Project Wide Capture Rate - Market Units	0.00%
Project Wide Capture Rate - All Units	3.60%
Project Wide Absorption Period (Months)	4

J. ENHANCEMENTS

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

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

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

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

ACTION: Provide RESNET rater certification (**TAB F**)

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

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

- | | |
|--------|--|
| TRUE | a. A community/meeting room with a minimum of 749 square feet is provided. |
| 50.00% | b1. Percentage of brick covering the exterior walls. |
| 50.00% | b2. Percentage of other similar low-maintenance material approved by the Authority covering exterior walls. Community buildings are to be included in percentage calculations. |
| TRUE | c. Water expense is sub-metered (the tenant will pay monthly or bi-monthly bill). |
| TRUE | d. All faucets, toilets and showerheads in each bathroom are WaterSense labeled products. |
| FALSE | e. Rehab Only: Each unit is provided with the necessary infrastructure for high-speed internet/broadband service. |
| | f. <i>Not applicable for 2022 Cycles</i> |
| FALSE | g. Each unit is provided free individual high speed internet access. |
| | or |
| TRUE | h. Each unit is provided free individual WiFi access. |
| TRUE | i. Full bath fans are wired to primary light with delayed timer or has continuous exhaust by ERV/DOAS. |
| | or |
| FALSE | j. Full bath fans are equipped with a humidistat. |
| FALSE | k. Cooking surfaces are equipped with fire prevention features |
| | or |
| TRUE | l. Cooking surfaces are equipped with fire suppression features. |
| FALSE | m. Rehab only: Each unit has dedicated space, drain and electrical hook-ups to accept a permanently installed dehumidification system. |
| | or |
| TRUE | n. All Construction types: each unit is equipped with a permanent dehumidification system. |
| TRUE | o. All interior doors within units are solid core. |
| TRUE | p. Every kitchen, living room and bedroom contains, at minimum, one USB charging port. |
| TRUE | q. All kitchen light fixtures are LED and meet MDCR lighting guidelines. |
| | r. <i>Not applicable for 2022 Cycles</i> |

J. ENHANCEMENTS

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

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

FALSE a. All cooking ranges have front controls.

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

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

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

2. Green Certification

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

The applicant will also obtain one of the following:

TRUE Earthcraft Gold or higher certification

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

FALSE U.S. Green Building Council LEED certification

FALSE Enterprise Green Communities (EGC) Certification

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

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

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

FALSE Zero Energy Ready Home Requirements

FALSE Passive House Standards

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

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

22 b. Number of Rental Units constructed to meet Virginia Housing's Universal Design standards:
39% of Total Rental Units

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

If not, please explain:



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

I. UTILITIES

1. Utilities Types:

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

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

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

Utilities	Enter Allowances by Bedroom Size				
	0-BR	1-BR	2-BR	3-BR	4-BR
Heating	16	19	21	22	0
Air Conditioning	8	9	13	17	0
Cooking	40	41	43	45	0
Lighting	29	32	42	52	0
Hot Water	14	17	21	26	0
Water	24	26	38	57	0
Sewer	37	37	52	74	0
Trash	0	0	0	0	0
Total utility allowance for costs paid by tenant	\$168	\$181	\$230	\$293	\$0

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

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

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

K. SPECIAL HOUSING NEEDS

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

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

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

TRUE

- a. Any development in which (i) the greater of 5 units or 10% of units will be assisted by HUD project-based vouchers (as evidenced by the submission of a letter satisfactory to the Authority from an authorized public housing authority (PHA) that the development meets all prerequisites for such assistance), or another form of documented and binding federal project-based rent subsidies in order to ensure occupancy by extremely low-income persons. Locality project based rental subsidy meets the definition of state project based rental subsidy;
- (ii) will conform to HUD regulations interpreting the accessibility requirements of section 504 of the Rehabilitation Act; and be actively marketed to persons with disabilities as defined in the Fair Housing Act in accordance with a plan submitted as part of the application for credits.
- (iii) above must include roll-in showers, roll under sinks and front control ranges, unless agreed to by the Authority prior to the applicant's submission of its application.

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

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

FALSE

- b. Any development in which ten percent (10%) of the units (i) conform to HUD regulations interpreting the accessibility requirements of section 504 of the Rehabilitation Act and (ii) are actively marketed to persons with disabilities as defined in the Fair Housing Act in accordance with a plan submitted as part of the application for credits.

For items a or b, all common space must also conform to HUD regulations interpreting the accessibility requirements of section 504 of the Rehabilitation Act.

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

2. **Special Housing Needs/Leasing Preference:**

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

FALSE

Elderly (as defined by the United States Fair Housing Act.)

FALSE

Persons with Disabilities (must meet the requirements of the Federal Americans with Disabilities Act) - Accessible Supportive Housing Pool only

TRUE

Supportive Housing (as described in the Tax Credit Manual)

Action: Provide Permanent Supportive Housing Certification (**Tab S**)

K. SPECIAL HOUSING NEEDS

b. The development has existing tenants and a relocation plan has been developed..... FALSE
(If True, Virginia Housing policy requires that the impact of economic and/or physical displacement on those tenants be minimized, in which Owners agree to abide by the Authority's Relocation Guidelines for LIHTC properties.)

Action: Provide Relocation Plan and Unit Delivery Schedule (Mandatory if tenants are displaced - Tab J)

3. Leasing Preferences

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

Organization which holds waiting list: Richmond Redevelopment and Housing Authority

Contact person: Kenyatta Green

Title: Interim Chief Operating Officer

Phone Number: (804) 780-3491

Action: Provide required notification documentation (TAB L)

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

c. Specify the number of low-income units that will serve individuals and families with children by providing three or more bedrooms: 12
% of total Low Income Units 21%

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

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

3. Target Population Leasing Preference

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

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

First Name: Jason "Jay"

Last Name: Brown

Phone Number: (804) 677-3641 Email: jay.brown@cccofva.org

K. SPECIAL HOUSING NEEDS

4. Rental Assistance

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

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

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

FALSE Section 8 New Construction Substantial Rehabilitation

FALSE Section 8 Moderate Rehabilitation

FALSE Section 8 Certificates

TRUE Section 8 Project Based Assistance

FALSE RD 515 Rental Assistance

FALSE Section 8 Vouchers
*Administering Organization: _____

FALSE State Assistance
*Administering Organization: _____

FALSE Other: _____

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

i. If True above, how many of the 30% units will not have project based vouchers? 0

d. Number of units receiving assistance:	<u>14</u>
How many years in rental assistance contract?	<u>15.00</u>
Expiration date of contract:	<u>12/31/2037</u>
There is an Option to Renew.....	<u>TRUE</u>

Action: Contract or other agreement provided **(TAB Q)**.

L. UNIT DETAILS

1. Set-Aside Election:

UNITS SELECTED IN INCOME AND RENT DETERMINE POINTS FOR THE BONUS POINT CATEGORY

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

a. Units Provided Per Household Type:

Income Levels			Avg Inc.
# of Units	% of Units		
0	0.00%	20% Area Median	0%
0	0.00%	30% Area Median	0%
14	25.00%	40% Area Median	560%
14	25.00%	50% Area Median	700%
28	50.00%	60% Area Median	1680%
0	0.00%	70% Area Median	0%
0	0.00%	80% Area Median	0%
0	0.00%	Market Units	
56	100.00%	Total	52,50%


Rent Levels			Avg Inc.
# of Units	% of Units		
0	0.00%	20% Area Median	0%
0	0.00%	30% Area Median	0%
14	25.00%	40% Area Median	560%
14	25.00%	50% Area Median	700%
28	50.00%	60% Area Median	1680%
0	0.00%	70% Area Median	0%
0	0.00%	80% Area Median	0%
0	0.00%	Market Units	
56	100.00%	Total	52,50%

- b. The development plans to utilize average income..... **FALSE**
 If true, should the points based on the units assigned to the levels above **be waived** and therefore not required for compliance?
 20-30% Levels **FALSE** 40% Levels **FALSE** 50% levels **FALSE**

2. Unit Detail

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

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

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

	Unit Type (Select One)	Rent Target (Select One)	Number of Units	# of Units 504 compliant	Net Rentable Square Feet	Monthly Rent Per Unit	Total Monthly Rent
Mix 1	Efficiency	50% AMI	2		300.97	\$653.00	\$1,306
Mix 2	1 BR - 1 Bath	40% AMI	2	2	424.97	\$863.00	\$1,726
Mix 3	1 BR - 1 Bath	50% AMI	3		358.01	\$697.00	\$2,091
Mix 4	1 BR - 1 Bath	60% AMI	3		358.01	\$853.00	\$2,559
Mix 5	2 BR - 2 Bath	40% AMI	2	2	622.72	\$959.00	\$1,918
Mix 6	2 BR - 2 Bath	40% AMI	2	2	630.66	\$959.00	\$1,918
Mix 7	2 BR - 2 Bath	50% AMI	1	1	622.72	\$822.00	\$822
Mix 8	2 BR - 2 Bath	50% AMI	4		622.73	\$822.00	\$3,288
Mix 9	2 BR - 2 Bath	50% AMI	4		808.01	\$822.00	\$3,288
Mix 10	2 BR - 2 Bath	60% AMI	1	1	630.66	\$1,021.00	\$1,021
Mix 11	2 BR - 2 Bath	60% AMI	2		592.52	\$1,021.00	\$2,042
Mix 12	2 BR - 2 Bath	60% AMI	2		646.19	\$1,021.00	\$2,042
Mix 13	2 BR - 2 Bath	60% AMI	3		676.84	\$1,021.00	\$3,063
Mix 14	2 BR - 2 Bath	60% AMI	3		658.13	\$1,021.00	\$3,063
Mix 15	2 BR - 2 Bath	60% AMI	2		658.13	\$1,021.00	\$2,042
Mix 16	2 BR - 2 Bath	60% AMI	2		556.17	\$1,021.00	\$2,042

L. UNIT DETAILS

Mix 17	2 BR - 2 Bath	60% AMI	2		905.76	\$1,021.00	\$2,042
Mix 18	2 BR - 2 Bath	60% AMI	4		642.06	\$1,021.00	\$4,084
Mix 19	3 BR - 2 Bath	40% AMI	4	4	1350.23	\$1,263.00	\$5,052
Mix 20	3 BR - 2 Bath	40% AMI	2		997.60	\$1,263.00	\$2,526
Mix 21	3 BR - 2 Bath	40% AMI	2		1045.89	\$1,263.00	\$2,526
Mix 22	3 BR - 2 Bath	60% AMI	3		905.76	\$1,152.00	\$3,456
Mix 23	3 BR - 2 Bath	60% AMI	1		1045.89	\$1,152.00	\$1,152
Mix 24							\$0
Mix 25							\$0
Mix 26							\$0
Mix 27							\$0
Mix 28							\$0
Mix 29							\$0
Mix 30							\$0
Mix 31							\$0
Mix 32							\$0
Mix 33							\$0
Mix 34							\$0
Mix 35							\$0
Mix 36							\$0
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Mix 67							\$0
Mix 68							\$0
Mix 69							\$0
Mix 70							\$0
Mix 71							\$0
Mix 72							\$0
Mix 73							\$0

L. UNIT DETAILS

Mix 74								\$0
Mix 75								\$0
Mix 76								\$0
Mix 77								\$0
Mix 78								\$0
Mix 79								\$0
Mix 80								\$0
Mix 81								\$0
Mix 82								\$0
Mix 83								\$0
Mix 84								\$0
Mix 85								\$0
Mix 86								\$0
Mix 87								\$0
Mix 88								\$0
Mix 89								\$0
Mix 90								\$0
Mix 91								\$0
Mix 92								\$0
Mix 93								\$0
Mix 94								\$0
Mix 95								\$0
Mix 96								\$0
Mix 97								\$0
Mix 98								\$0
Mix 99								\$0
Mix 100								\$0
TOTALS			56	12				\$55,069

Total Units	56	Net Rentable SF:	TC Units	39,624.80
			MKT Units	0.00
			Total NR SF:	39,624.80

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

M. OPERATING EXPENSES

Administrative:

Use Whole Numbers Only!

1. Advertising/Marketing			\$3,000
2. Office Salaries			\$0
3. Office Supplies			\$2,500
4. Office/Model Apartment	(type _____)		\$0
5. Management Fee			\$42,000
	6.80% of EGI	\$750.00	Per Unit
6. Manager Salaries			\$75,000
7. Staff Unit (s)	(type _____)		\$0
8. Legal			\$4,000
9. Auditing			\$8,000
10. Bookkeeping/Accounting Fees			\$3,000
11. Telephone & Answering Service			\$5,000
12. Tax Credit Monitoring Fee			\$2,500
13. Miscellaneous Administrative			\$18,720
Total Administrative			\$163,720

Utilities

14. Fuel Oil			\$0
15. Electricity			\$3,500
16. Water			\$3,000
17. Gas			\$0
18. Sewer			\$3,000
Total Utility			\$9,500

Operating:

19. Janitor/Cleaning Payroll			\$0
20. Janitor/Cleaning Supplies			\$1,000
21. Janitor/Cleaning Contract			\$10,000
22. Exterminating			\$6,000
23. Trash Removal			\$6,000
24. Security Payroll/Contract			\$0
25. Grounds Payroll			\$0
26. Grounds Supplies			\$5,000
27. Grounds Contract			\$10,000
28. Maintenance/Repairs Payroll			\$0
29. Repairs/Material			\$7,500
30. Repairs Contract			\$15,000
31. Elevator Maintenance/Contract			\$0
32. Heating/Cooling Repairs & Maintenance			\$3,500
33. Pool Maintenance/Contract/Staff			\$0
34. Snow Removal			\$2,000
35. Decorating/Payroll/Contract			\$7,800
36. Decorating Supplies			\$0
37. Miscellaneous			\$0
Totals Operating & Maintenance			\$73,800

M. OPERATING EXPENSES

Taxes & Insurance

38. Real Estate Taxes	\$105,000
39. Payroll Taxes	\$0
40. Miscellaneous Taxes/Licenses/Permits	\$0
41. Property & Liability Insurance	\$22,875
42. Fidelity Bond	\$0
43. Workman's Compensation	\$0
44. Health Insurance & Employee Benefits	\$20,333
45. Other Insurance	\$0
Total Taxes & Insurance	\$148,208

Total Operating Expense	\$395,228
--------------------------------	------------------

Total Operating Expenses Per Unit	\$7,058	C. Total Operating Expenses as % of EGI	63.98%
--	---------	--	--------

Replacement Reserves (Total # Units X \$300 or \$250 New Const. Elderly Minimum)	\$16,800
---	-----------------

Total Expenses	\$412,028
-----------------------	------------------

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

N. PROJECT SCHEDULE

ACTIVITY	ACTUAL OR ANTICIPATED DATE	NAME OF RESPONSIBLE PERSON
1. SITE		
a. Option/Contract	3/16/2021	Jason Brown
b. Site Acquisition	1/15/2023	Jason Brown
c. Zoning Approval	3/8/2021	Charles Hall
d. Site Plan Approval	3/8/2021	Charles Hall
2. Financing		
a. Construction Loan		
i. Loan Application	10/1/2022	Jason Brown
ii. Conditional Commitment	12/1/2022	Jason Brown
iii. Firm Commitment	3/15/2023	Jason Brown
b. Permanent Loan - First Lien		
i. Loan Application	10/1/2022	Jason Brown
ii. Conditional Commitment	12/15/2022	Jason Brown
iii. Firm Commitment	1/5/2023	Jason Brown
c. Permanent Loan-Second Lien		
i. Loan Application	4/30/2022	Jason Brown
ii. Conditional Commitment	10/1/2022	Jason Brown
iii. Firm Commitment	10/1/2022	Jason Brown
d. Other Loans & Grants		
i. Type & Source, List		Jason Brown
ii. Application		Jason Brown
iii. Award/Commitment		Jason Brown
2. Formation of Owner	3/8/2021	Erik Hoffman
3. IRS Approval of Nonprofit Status	5/17/2019	Jason Brown
4. Closing and Transfer of Property to Owner	1/15/2023	Jason Brown
5. Plans and Specifications, Working Drawings	11/5/2022	Burt Pinnock
6. Building Permit Issued by Local Government	2/5/2023	Andy Beach
7. Start Construction	6/15/2023	Andy Beach
8. Begin Lease-up	7/15/2024	TBD
9. Complete Construction	9/15/2024	Andy Beach
10. Complete Lease-Up	11/15/2024	TBD
11. Credit Placed in Service Date	11/15/2024	Jason Brown

O. PROJECT BUDGET - HARD COSTS

Cost/Basis/Maximum Allowable Credit

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

Complete cost column and basis column(s) as appropriate

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

Item	(A) Cost	Amount of Cost up to 100% Includable in Eligible Basis--Use Applicable Column(s):		
		"30% Present Value Credit"		(D)
		(B) Acquisition	(C) Rehab/ New Construction	"70 % Present Value Credit"
1. Contractor Cost				
a. Unit Structures (New)	7,946,491	0	0	7,946,491
b. Unit Structures (Rehab)	0	0	0	0
c. Non Residential Structures	0	0	0	0
d. Commercial Space Costs	0	0	0	0
<input type="checkbox"/> e. Structured Parking Garage	0	0	0	0
Total Structure	7,946,491	0	0	7,946,491
f. Earthwork	0	0	0	0
g. Site Utilities	0	0	0	0
<input type="checkbox"/> h. Renewable Energy	0	0	0	0
i. Roads & Walks	0	0	0	0
j. Site Improvements	750,000	0	0	720,000
k. Lawns & Planting	0	0	0	0
l. Engineering	0	0	0	0
m. Off-Site Improvements	0	0	0	0
n. Site Environmental Mitigation	0	0	0	0
o. Demolition	0	0	0	0
p. Site Work	0	0	0	0
q. Other Site work	0	0	0	0
Total Land Improvements	750,000	0	0	720,000
Total Structure and Land	8,696,491	0	0	8,666,491
r. General Requirements	521,789	0	0	521,789
s. Builder's Overhead (6.0% Contract)	521,789	0	0	521,789
t. Builder's Profit (2.0% Contract)	173,929	0	0	173,929
u. Bonds	129,958	0	0	129,958
v. Building Permits	0	0	0	0
w. Special Construction	0	0	0	0
x. Special Equipment	0	0	0	0
y. Other 1: <input type="checkbox"/>	0	0	0	0
z. Other 2: <input type="checkbox"/>	0	0	0	0
aa. Other 3: <input type="checkbox"/>	0	0	0	0
Contractor Costs	\$10,043,956	\$0	\$0	\$10,013,956

O. PROJECT BUDGET - OWNER COSTS

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

Item	(A) Cost	Amount of Cost up to 100% Includable in Eligible Basis--Use Applicable Column(s):		
		"30% Present Value Credit"		(D)
		(B) Acquisition	(C) Rehab/ New Construction	"70 % Present Value Credit"
2. Owner Costs				
a. Building Permit	90,000	0	0	90,000
b. Architecture/Engineering Design Fee \$4,621 /Unit)	258,775	0	0	258,775
c. Architecture Supervision Fee \$2,084 /Unit)	116,725	0	0	116,725
d. Tap Fees	299,650	0	0	299,650
e. Environmental	10,000	0	0	10,000
f. Soil Borings	5,000	0	0	5,000
g. Green Building (Earthcraft, LEED, etc.)	40,000	0	0	40,000
h. Appraisal	7,500	0	0	
i. Market Study	10,000	0	0	10,000
j. Site Engineering / Survey	125,000	0	0	125,000
k. Construction/Development Mgt	0	0	0	0
l. Structural/Mechanical Study	0	0	0	0
m. Construction Loan Origination Fee	112,200	0	0	112,200
n. Construction Interest (0.0% for 0 months)	525,000	0	0	500,000
o. Taxes During Construction	15,000	0	0	12,500
p. Insurance During Construction	75,000	0	0	70,000
q. Permanent Loan Fee (0.0%)	33,000	0	0	0
r. Other Permanent Loan Fees	10,000	0	0	0
s. Letter of Credit	40,000	0	0	0
t. Cost Certification Fee	20,000	0	0	0
u. Accounting	5,000	0	0	0
v. Title and Recording	60,000	0	0	15,000
w. Legal Fees for Closing	155,000	0	0	50,000
x. Mortgage Banker	50,000	0	0	0
y. Tax Credit Fee	67,465			
z. Tenant Relocation	0	0	0	0
aa. Fixtures, Furnitures and Equipment	30,000	0	0	30,000
ab. Organization Costs	0	0	0	0
ac. Operating Reserve	258,500	0	0	0
ad. Contingency	495,700	0	0	495,700
ae. Security	0	0	0	0
af. Utilities	25,000	0	0	25,000

O. PROJECT BUDGET - OWNER COSTS

ag. Servicing Reserve				
(1) Other* specify: Rent up Reserve	48,000	0	0	0
(2) Other* specify: Soft Cost Contingency	145,000	0	0	130,000
(3) Other* specify:	0	0	0	0
(4) Other* specify:	0	0	0	0
(5) Other* specify:	0	0	0	0
(6) Other* specify:	0	0	0	0
(7) Other* specify:	0	0	0	0
(8) Other* specify:	0	0	0	0
(9) Other* specify:	0	0	0	0
Owner Costs Subtotal (Sum 2A..2(10))	\$3,132,515	\$0	\$0	\$2,395,550
Subtotal 1 + 2 (Owner + Contractor Costs)	\$13,176,471	\$0	\$0	\$12,409,506
3. Developer's Fees	1,100,000	0	0	1,100,000
Action: Provide Developer Fee Agreement (Tab A)				
4. Owner's Acquisition Costs				
Land	1			
Existing Improvements	0	0		
Subtotal 4:	\$1	\$0		
5. Total Development Costs				
Subtotal 1+2+3+4:	\$14,276,472	\$0	\$0	\$13,509,506

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

(Provide documentation at Tab E)

\$0	Land
\$0	Building

Maximum Developer Fee:

\$1,484,118

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

\$271 **Meets Limits**
\$476

Proposed Development's Cost per Unit
Applicable Cost Limit per Unit:

\$254,937 **Meets Limits**
\$513,262

2022 Low-Income Housing Tax Credit Application For Reservation

P. ELIGIBLE BASIS CALCULATION

Item	Amount of Cost up to 100% Includable in Eligible Basis--Use Applicable Column(s):			
	(A) Cost	"30 % Present Value Credit"		(D) "70 % Present Value Credit"
		(B) Acquisition	(C) Rehab/ New Construction	
1. Total Development Costs	14,276,472	0	0	13,509,506

2. Reductions in Eligible Basis

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

3. Total Eligible Basis (1 - 2 above)

0	0	13,509,506
---	---	------------

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

a. For QCT or DDA (Eligible Basis x 30%)		0	4,052,852
<i>State Designated Basis Boosts:</i>			
b. For Revitalization or Supportive Housing (Eligible Basis x 30%)		0	0
c. For Green Certification (Eligible Basis x 10%)			0
Total Adjusted Eligible basis		0	17,562,358

5. Applicable Fraction

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

6. Total Qualified Basis

(Eligible Basis x Applicable Fraction)

0	0	17,562,358
---	---	------------

7. Applicable Percentage

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

9.00%	9.00%	9.00%
-------	-------	-------

8. Maximum Allowable Credit under IRC §42

(Qualified Basis x Applicable Percentage)

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

\$0	\$0	\$1,580,612
-----	-----	-------------

\$1,580,612 Combined 30% & 70% P. V. Credit		
--	--	--

Q. SOURCES OF FUNDS

Action: Provide Documentation for all Funding Sources at **Tab T**

1. Construction Financing: List individually the sources of construction financing, including any such loans financed through grant sources:

Source of Funds	Date of Application	Date of Commitment	Amount of Funds	Name of Contact Person
1. TBD				
2.				
3.				
Total Construction Funding:			\$0	

2. Permanent Financing: List individually the sources of all permanent financing in order of lien position:

Source of Funds	Date of Application	Date of Commitment	Amount of Funds <i>(Whole Numbers only)</i>	Annual Debt Service Cost	Interest Rate of Loan	Amortization Period IN YEARS	Term of Loan (years)
1. VHDA Taxable			\$1,950,000	\$109,586	4.42%	35	35
2. VHDA REACH			\$1,100,000	\$50,433	2.95%	35	35
3. VHDA Match			\$250,000		0.00%	0	0
4. National HTF	10/30/2021	1/14/2022	\$500,000	\$2,500	0.50%	10000	10000
5. Virginia HTF	10/30/2021	1/14/2022	\$800,000	\$4,000	0.50%	10000	10000
6. City of Richmond ARPA			\$500,000		0.00%	0	0
7. FHLB AHP			\$350,000		0.00%	0	0
8.							
9.							
10.							
Total Permanent Funding:			\$5,450,000	\$166,519			

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

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

Q. SOURCES OF FUNDS

4. Subsidized Funding

	Source of Funds	Date of Commitment	Amount of Funds
1.	National Housing Trust Fund	1/14/2022	\$500,000
2.	Virginia Housing Trust Fund	1/14/2022	\$800,000
3.	Catholic Diocese of Richmond	3/16/2021	\$284,999
4.			
5.			
Total Subsidized Funding			\$1,584,999

5. Recap of Federal, State, and Local Funds

Portions of the sources of funds described above for the development are financed directly or indirectly with Federal, State, or Local Government Funds..... **TRUE**

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

Below-Market Loans

a.	Tax Exempt Bonds	\$0
b.	RD 515	\$0
c.	Section 221(d)(3)	\$0
d.	Section 312	\$0
e.	Section 236	\$0
f.	VHDA SPARC/REACH	\$1,100,000
g.	HOME Funds	\$0
h.	Other:	\$500,000
	National HTF	
i.	Other:	\$800,000
	Virginia HTF	

Market-Rate Loans

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

Grants*

a.	CDBG	\$0
b.	UDAG	\$0

Grants

c.	State	
d.	Local	\$500,000
e.	Other:	

*This means grants to the partnership. If you received a loan financed by a locality which received one of the listed grants, please list it in the appropriate loan column as "other" and describe the applicable grant program which funded it.

Q. SOURCES OF FUNDS

6. For Transactions Using Tax-Exempt Bonds Seeking 4% Credits:

For purposes of the 50% Test, and based only on the data entered to this application, the portion of the aggregate basis of buildings and land financed with tax-exempt funds is: **N/A**

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

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

[Empty text box for listing financing and credit enhancements]

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

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

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

c. **FALSE** Other [Empty text box]

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

R. EQUITY

1. Equity

a. Portion of Syndication Proceeds Attributable to Historic Tax Credit				
Amount of Federal historic credits	\$0	x Equity \$	\$0.000	= \$0
Amount of Virginia historic credits	\$0	x Equity \$	\$0.000	= \$0
b. Equity that Sponsor will Fund:				
i. Cash Investment	\$0			
ii. Contributed Land/Building	\$0			
iii. Deferred Developer Fee	\$470,869	(Note: Deferred Developer Fee cannot be negative.)		
iv. Other:	\$0			
ACTION: If Deferred Developer Fee is greater than 50% of overall Developer Fee, provide a cash flow statement showing payoff within 15 years at TAB A.				
Equity Total	<u>\$470,869</u>			

2. Equity Gap Calculation

a. Total Development Cost	\$14,276,472	
b. Total of Permanent Funding, Grants and Equity	-	<u>\$5,920,869</u>
c. Equity Gap		\$8,355,603
d. Developer Equity	-	<u>\$839</u>
e. Equity gap to be funded with low-income tax credit proceeds		\$8,354,764

3. Syndication Information (If Applicable)

a. Actual or Anticipated Name of Syndicator:	VCDC		
Contact Person:	Jen Wickham	Phone:	(804) 343-1200
Street Address:	1840 W Broad St, Suite 200		
City:	Richmond	State:	23220
b. Syndication Equity			
i. Anticipated Annual Credits		<u>\$949,500.00</u>	
ii. Equity Dollars Per Credit (e.g., \$0.85 per dollar of credit)		<u>\$0.880</u>	
iii. Percent of ownership entity (e.g., 99% or 99.9%)		<u>99.99000%</u>	
iv. Syndication costs not included in Total Development Costs (e.g., advisory fees)			
v. Net credit amount anticipated by user of credits		<u>\$949,405</u>	
vi. Total to be paid by anticipated users of credit (e.g., limited partners)		<u>\$8,354,764</u>	
c. Syndication:	<u>Private</u>		
d. Investors:	<u>Corporate</u>		

4. Net Syndication Amount \$8,354,764
 Which will be used to pay for Total Development Costs

5. Net Equity Factor 87.9999953655%
 Must be equal to or greater than 85%

S. DETERMINATION OF RESERVATION AMOUNT NEEDED

The following calculation of the amount of credits needed is substantially the same as the calculation which will be made by Virginia Housing to determine, as required by the IRC, the amount of credits which may be allocated for the development. However, Virginia Housing at all times retains the right to substitute such information and assumptions as are determined by Virginia Housing to be reasonable for the information and assumptions provided herein as to costs (including development fees, profits, etc.), sources for funding, expected equity, etc. Accordingly, if the development is selected by Virginia Housing for a reservation of credits, the amount of such reservation may differ significantly from the amount you compute below.

1. Total Development Costs		<u>\$14,276,472</u>
2. Less Total of Permanent Funding, Grants and Equity	-	<u>\$5,920,869</u>
3. Equals Equity Gap		<u>\$8,355,603</u>
4. Divided by Net Equity Factor (Percent of 10-year credit expected to be raised as equity investment)		<u>87.9999953655%</u>
5. Equals Ten-Year Credit Amount Needed to Fund Gap		<u>\$9,495,004</u>
Divided by ten years		<u>10</u>
6. Equals Annual Tax Credit Required to Fund the Equity Gap		<u>\$949,500</u>
7. Maximum Allowable Credit Amount (from Eligible Basis Calculation)		<u>\$1,580,612</u>
8. Requested Credit Amount	For 30% PV Credit:	<u>\$0</u>
	For 70% PV Credit:	<u>\$949,500</u>
Credit per LI Units	<u>\$16,955.3571</u>	Combined 30% & 70% PV Credit Requested
Credit per LI Bedroom	<u>\$8,328.9474</u>	

9. **Action:** Provide Attorney’s Opinion (**Mandatory Tab H**)

T. CASH FLOW

1. Revenue

Indicate the estimated monthly income for the **Low-Income Units** (based on Unit Details tab):

Total Monthly Rental Income for LIHTC Units	\$55,069
Plus Other Income Source (list): <u>Fees</u>	<u>\$280</u>
Equals Total Monthly Income:	<u>\$55,349</u>
Twelve Months	x12
Equals Annual Gross Potential Income	\$664,188
Less Vacancy Allowance <u>7.0%</u>	<u>\$46,493</u>
Equals Annual Effective Gross Income (EGI) - Low Income Units	<u>\$617,695</u>

2. Indicate the estimated monthly income for the **Market Rate Units** (based on Unit Details tab):

Total Monthly Income for Market Rate Units:	\$0
Plus Other Income Source (list): <u></u>	<u>\$0</u>
Equals Total Monthly Income:	<u>\$0</u>
Twelve Months	x12
Equals Annual Gross Potential Income	\$0
Less Vacancy Allowance <u>0.0%</u>	<u>\$0</u>
Equals Annual Effective Gross Income (EGI) - Market Rate Units	<u>\$0</u>

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

3. Cash Flow (First Year)

a. Annual EGI Low-Income Units	\$617,695
b. Annual EGI Market Units	\$0
c. Total Effective Gross Income	\$617,695
d. Total Expenses	\$412,028
e. Net Operating Income	\$205,667
f. Total Annual Debt Service	\$166,519
g. Cash Flow Available for Distribution	\$39,148

T. CASH FLOW

4. Projections for Financial Feasibility - 15 Year Projections of Cash Flow

	Stabilized Year 1	Year 2	Year 3	Year 4	Year 5
Eff. Gross Income	617,695	630,049	642,650	655,503	668,613
Less Oper. Expenses	412,028	424,389	437,121	450,234	463,741
Net Income	205,667	205,660	205,529	205,269	204,872
Less Debt Service	166,519	166,519	166,519	166,519	166,519
Cash Flow	39,148	39,141	39,010	38,750	38,353
Debt Coverage Ratio	1.24	1.24	1.23	1.23	1.23

	Year 6	Year 7	Year 8	Year 9	Year 10
Eff. Gross Income	681,985	695,625	709,537	723,728	738,203
Less Oper. Expenses	477,653	491,983	506,742	521,945	537,603
Net Income	204,332	203,642	202,795	201,783	200,599
Less Debt Service	166,519	166,519	166,519	166,519	166,519
Cash Flow	37,813	37,123	36,276	35,264	34,080
Debt Coverage Ratio	1.23	1.22	1.22	1.21	1.20

	Year 11	Year 12	Year 13	Year 14	Year 15
Eff. Gross Income	752,967	768,026	783,386	799,054	815,035
Less Oper. Expenses	553,731	570,343	587,453	605,077	623,229
Net Income	199,235	197,683	195,933	193,977	191,806
Less Debt Service	166,519	166,519	166,519	166,519	166,519
Cash Flow	32,716	31,164	29,414	27,458	25,287
Debt Coverage Ratio	1.20	1.19	1.18	1.16	1.15

Estimated Annual Percentage Increase in Revenue 2.00% (Must be \leq 2%)
 Estimated Annual Percentage Increase in Expenses 3.00% (Must be \geq 3%)

U. Building-by-Building Information

Must Complete

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

Number of BINS: 14

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

Please help us with the process:
DO NOT use the CUT feature
DO NOT SKIP LINES BETWEEN BUILDINGS

Bldg #	BIN if known	TAX CREDIT UNITS	MARKET RATE UNITS	Street Address					30% Present Value Credit for Acquisition				30% Present Value Credit for Rehab / New Construction				70% Present Value Credit				
				Street Address 1	Street Address 2	City	State	Zip	Estimate Qualified Basis	Actual or Anticipated In-Service Date	Applicable Percentage	Credit Amount	Estimate Qualified Basis	Actual or Anticipated In-Service Date	Applicable Percentage	Credit Amount	Estimate Qualified Basis	Actual or Anticipated In-Service Date	Applicable Percentage	Credit Amount	
1.		4	0	Fourqorean Lane Building 1		Richmond	VA	23222					\$0				\$0	\$1,254,454	11/15/24	9.00%	\$112,901
2.		4	0	Fourqorean Lane Building 2		Richmond	VA	23222					\$0				\$0	\$1,254,454	11/15/24	9.00%	\$112,901
3.		4	0	Fourqorean Lane Building 3		Richmond	VA	23222					\$0				\$0	\$1,254,454	11/15/24	9.00%	\$112,901
4.		4	0	Fourqorean Lane Building 4		Richmond	VA	23222					\$0				\$0	\$1,254,454	11/15/24	9.00%	\$112,901
5.		4	0	Fourqorean Lane Building 5		Richmond	VA	23222					\$0				\$0	\$1,254,454	11/15/24	9.00%	\$112,901
6.		4	0	Fourqorean Lane Building 6		Richmond	VA	23222					\$0				\$0	\$1,254,454	11/15/24	9.00%	\$112,901
7.		4	0	Fourqorean Lane Building 7		Richmond	VA	23222					\$0				\$0	\$1,254,454	11/15/24	9.00%	\$112,901
8.		4	0	Fourqorean Lane Building 8		Richmond	VA	23222					\$0				\$0	\$1,254,454	11/15/24	9.00%	\$112,901
9.		4	0	Fourqorean Lane Building 9		Richmond	VA	23222					\$0				\$0	\$1,254,454	11/15/24	9.00%	\$112,901
10.		4	0	Fourqorean Lane Building 10		Richmond	VA	23222					\$0				\$0	\$1,254,454	11/15/24	9.00%	\$112,901
11.		4	0	Fourqorean Lane Building 11		Richmond	VA	23222					\$0				\$0	\$1,254,454	11/15/24	9.00%	\$112,901
12.		4	0	Fourqorean Lane Building 12		Richmond	VA	23222					\$0				\$0	\$1,254,454	11/15/24	9.00%	\$112,901
13.		4	0	Fourqorean Lane Building 13		Richmond	VA	23222					\$0				\$0	\$1,254,454	11/15/24	9.00%	\$112,901
14.		4	0	Fourqorean Lane Building 14		Richmond	VA	23222					\$0				\$0	\$1,254,456	11/15/24	9.00%	\$112,901
15.													\$0				\$0				\$0
16.													\$0				\$0				\$0
17.													\$0				\$0				\$0
18.													\$0				\$0				\$0
19.													\$0				\$0				\$0
20.													\$0				\$0				\$0
21.													\$0				\$0				\$0
22.													\$0				\$0				\$0
23.													\$0				\$0				\$0
24.													\$0				\$0				\$0
25.													\$0				\$0				\$0
26.													\$0				\$0				\$0
27.													\$0				\$0				\$0
28.													\$0				\$0				\$0
29.													\$0				\$0				\$0
30.													\$0				\$0				\$0
31.													\$0				\$0				\$0
32.													\$0				\$0				\$0
33.													\$0				\$0				\$0
34.													\$0				\$0				\$0
35.													\$0				\$0				\$0

56 0 If development has more than 35 buildings, contact Virginia Housing.

Totals from all buildings

\$0

\$0

\$0

\$0

\$17,562,358

\$1,580,612

Number of BINS: 14

V. STATEMENT OF OWNER

The undersigned hereby acknowledges the following:

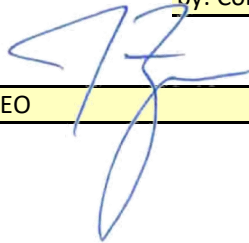
1. that, to the best of its knowledge and belief, all factual information provided herein or in connection herewith is true and correct, and all estimates are reasonable.
2. that it will at all times indemnify and hold harmless Virginia Housing and its assigns against all losses, costs, damages, Virginia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

V. STATEMENT OF OWNER

- 10. that the requirements for applying for the credits and the terms of any reservation or allocation thereof are subject to change at any time by federal or state law, federal, state or Virginia Housing regulations, or other binding authority.
- 11. that reservations may be made subject to certain conditions to be satisfied prior to allocation and shall in all cases be contingent upon the receipt of a nonrefundable application fee of \$1000 and a nonrefundable reservation fee equal to 7% of the annual credit amount reserved.
- 12. that a true, exact, and complete copy of this application, including all the supporting documentation enclosed herewith, has been provided to the tax attorney who has provided the required attorney's opinion accompanying this submission.
- 13. that the undersigned has provided a complete list of all residential real estate developments in which the general partner(s) has (have) or had a controlling ownership interest and, in the case of those projects allocated credits under Section 42 of the IRC, complete information on the status of compliance with Section 42 and an explanation of any noncompliance. The undersigned hereby authorizes the Housing Credit Agencies of states in which these projects are located to share compliance information with the Authority.
- 14. that any principal of undersigned has not participated in a planned foreclosure or Qualified Contract request in Virginia after January 1, 2019.
- 15. that undersigned agrees to provide disclosure to all tenants of the availability of Renter Education provided by Virginia Housing.
- 16. that undersigned waives the right to pursue a Qualified Contract on this development.
- 17. that the information in this application may be disseminated to others for purposes of verification or other purposes consistent with the Virginia Freedom of Information Act. However, all information will be maintained, used or disseminated in accordance with the Government Data Collection and Dissemination Practices Act. The undersigned may refuse to supply the information requested, however, such refusal will result in Virginia Housing's inability to process the application. The original or copy of this application may be retained by Virginia Housing, even if tax credits are not allocated to the undersigned.

In Witness Whereof, the undersigned, being authorized, has caused this document to be executed in its name on the date of this application set forth in DEV Info tab hereof.

Legal Name of Owner: Saint Elizabeth Apartments LLC
by: CCC Fourquarean LLC, its Managing Member
by: Commonwealth Catholic Charities Housing Corpor


By: 
 Its: CEO (Title)

V. STATEMENT OF ARCHITECT

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

In Witness Whereof, the undersigned, being authorized, has caused this document to be executed in its name on the date of this application set forth in DEV Info tab hereof.

Legal Name of Architect:	Burchell F. Pinnock
Virginia License#:	0401010214
Architecture Firm or Company:	Baskervill

By: 

Its: Principal & Chairman
(Title)

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

W.

LIHTC SELF SCORE SHEET

Self Scoring Process

This Self Scoring Process is intended to provide you with an estimate of your application's score based on the information included within the reservation application. Other items, denoted below in the yellow shaded cells, are typically evaluated by Virginia Housing's staff during the application review and feasibility process. For purposes of self scoring, we have made certain assumptions about your application. Edit the appropriate responses (Y or N) in the yellow shaded cells, if applicable. Items 5f and 5g require a numeric value to be entered.

Please remember that this score is only an estimate. Virginia Housing reserves the right to change application data and/or score sheet responses where appropriate, which may change the final score.

MANDATORY ITEMS:

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

1. READINESS:

a. Virginia Housing notification letter to CEO (via Locality Notification Information App)	Y	0 or -50	0.00
b. Local CEO Opposition Letter	N	0 or -25	0.00
c. Plan of development < no points offered in Cycle 2022 >	N/A	0 pts for 2022	0.00
d. Location in a revitalization area based on Qualified Census Tract	Y	0 or 10	10.00
e. Location in a revitalization area with resolution	N	0 or 15	0.00
f. Location in a Opportunity Zone	N	0 or 15	0.00
Total:			10.00

2. HOUSING NEEDS CHARACTERISTICS:

a. Sec 8 or PHA waiting list preference	Y	0 or up to 5	3.75
b. Existing RD, HUD Section 8 or 236 program	N	0 or 20	0.00
c. Subsidized funding commitments	11.10%	Up to 40	22.20
d. Tax abatement on increase of property's value	N	0 or 5	0.00
e. New project based rental subsidy (HUD or RD)	Y	0 or 10	10.00
f. Census tract with <12% poverty rate	12%	0, 20, 25 or 30	20.00
g. Development provided priority letter from Rural Development	N	0 or 15	0.00
h. Dev. located in area with increasing rent burdened population	Y	Up to 20	20.00
Total:			75.95

3. DEVELOPMENT CHARACTERISTICS:

a. Enhancements (See calculations below)			78.00
b. Project subsidies/HUD 504 accessibility for 5 or 10% of units	Y	0 or 50	50.00
or c. HUD 504 accessibility for 10% of units	N	0 or 20	0.00
d. Proximity to public transportation (within Northern VA or Tidewater)	Y10	0, 10 or 20	10.00
e. Development will be Green Certified	Y	0 or 10	10.00
f. Units constructed to meet Virginia Housing's Universal Design standards	39%	Up to 15	5.89
g. Developments with less than 100 low income units	Y	up to 20	17.60
h. Historic Structure eligible for Historic Rehab Credits	N	0 or 5	0.00
Total:			<u>171.49</u>

4. TENANT POPULATION CHARACTERISTICS:

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

a. Less than or equal to 20% of units having 1 or less bedrooms	Y	0 or 15	15.00
b. <plus> Percent of Low Income units with 3 or more bedrooms	21.43%	Up to 15	15.00
c. Units with rent and income at or below 30% of AMI and are not subsidized (up to 10% of LI units)	0.00%	Up to 10	0.00
d. Units with rents at or below 40% of AMI (up to 10% of LI units)	25.00%	Up to 10	10.00
e. Units with rent and income at or below 50% of AMI	50.00%	Up to 50	50.00
f. Units with rents at or below 50% rented to tenants at or below 60% of AMI	50.00%	Up to 25	0.00
or g. Units in LI Jurisdictions with rents <= 50% rented to tenants with <= 60% of AMI	50.00%	Up to 50	0.00
Total:			<u>90.00</u>

5. SPONSOR CHARACTERISTICS:

a. Developer experience (Subdivision 5a - options a,b or c)	N	0, 10 or 25	0.00
b. Experienced Sponsor - 1 development in Virginia	Y	0 or 5	5.00
c. Experienced Sponsor - 3 developments in any state	Y	0 or 15	15.00
d. Developer experience - life threatening hazard	N	0 or -50	0.00
e. Developer experience - noncompliance	N	0 or -15	0.00
f. Developer experience - did not build as represented (per occurrence)	0	0 or -2x	0.00
g. Developer experience - failure to provide minimum building requirements (per occurrence)	0	0 or -50 per item	0.00
h. Developer experience - termination of credits by Virginia Housing	N	0 or -10	0.00
i. Developer experience - exceeds cost limits at certification	N	0 or -50	0.00
j. Socially Disadvantaged Principal owner 25% or greater	N	0 or 5	0.00
k. Management company rated unsatisfactory	N	0 or -25	0.00
l. Experienced Sponsor partnering with Local Housing Authority pool applicant	N	0 or 5	0.00
Total:			<u>20.00</u>

6. EFFICIENT USE OF RESOURCES:

a. Credit per unit		Up to 200	133.10
b. Cost per unit		Up to 100	100.00
Total:			<u>233.10</u>

7. BONUS POINTS:

a. Extended compliance	0 Years	40 or 50	0.00
or b. Nonprofit or LHA purchase option	Y	0 or 60	60.00
or c. Nonprofit or LHA Home Ownership option	N	0 or 5	0.00
d. Combined 9% and 4% Tax Exempt Bond Site Plan	N	Up to 30	0.00
e. RAD or PHA Conversion participation and competing in Local Housing Authority pool	N	0 or 10	0.00
f. Team member with Diversity, Equity and Inclusion Designation	N	0 or 5	0.00
g. Commitment to electronic payment of fees	Y	0 or 5	5.00
Total:			<u>65.00</u>

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

TOTAL SCORE: 665.54

Enhancements:

All units have:	Max Pts	Score
a. Community Room	5	5.00
b. Exterior walls constructed with brick and other low maintenance materials	40	40.00
c. Sub metered water expense	5	5.00
d. Watersense labeled faucets, toilets and showerheads	3	0.00
e. Rehab only: Infrastructure for high speed internet/broadband	1	0.00
f. N/A for 2022	0	0.00
g. Each unit provided free individual high speed internet access	10	0.00
h. Each unit provided free individual WiFi	12	12.00
i. Bath Fan - Delayed timer or continuous exhaust	3	3.00
j. Baths equipped with humidistat	3	0.00
k. Cooking Surfaces equipped with fire prevention features	4	0.00
l. Cooking surfaces equipped with fire suppression features	2	2.00
m. Rehab only: dedicated space to accept permanent dehumidification system	2	0.00
n. Provides Permanently installed dehumidification system	5	5.00
o. All interior doors within units are solid core	3	3.00
p. USB in kitchen, living room and all bedrooms	1	1.00
q. LED Kitchen Light Fixtures	2	2.00
r. N/A for 2022	0	0.00
s. New Construction: Balcony or patio	4	0.00
		<u>78.00</u>
All elderly units have:		
t. Front-control ranges	1	0.00
u. Independent/suppl. heat source	1	0.00
v. Two eye viewers	1	0.00
w. Shelf or Ledge at entrance within interior hallway	2	0.00
		<u>0.00</u>
Total amenities:		<u>78.00</u>

X.

Development Summary

Summary Information

2022 Low-Income Housing Tax Credit Application For Reservation

Deal Name: Saint Elizabeth Apartments

Cycle Type: 9% Tax Credits **Requested Credit Amount:** \$949,500
Allocation Type: N/A **Jurisdiction:** Richmond City
Total Units: 56 **Population Target:** General
Total LI Units: 56
Project Gross Sq Ft: 52,585.63 **Owner Contact:** Jason "Jay" Brown
Green Certified? TRUE

Total Score
665.54

Source of Funds	Amount	Per Unit	Per Sq Ft	Annual Debt Service
Permanent Financing	\$5,450,000	\$97,321	\$104	\$166,519
Grants	\$0	\$0		
Subsidized Funding	\$1,584,999	\$28,304		

Uses of Funds - Actual Costs				
Type of Uses	Amount	Per Unit	Sq Ft	% of TDC
Improvements	\$8,696,491	\$155,294	\$165	60.91%
General Req/Overhead/Profit	\$1,217,507	\$21,741	\$23	8.53%
Other Contract Costs	\$129,958	\$2,321	\$2	0.91%
Owner Costs	\$3,132,515	\$55,938	\$60	21.94%
Acquisition	\$1	\$0	\$0	0.00%
Developer Fee	\$1,100,000	\$19,643	\$21	7.70%
Total Uses	\$14,276,472	\$254,937		

Total Development Costs	
Total Improvements	\$13,176,471
Land Acquisition	\$1
Developer Fee	\$1,100,000
Total Development Costs	\$14,276,472

Income		
Gross Potential Income - LI Units		\$664,188
Gross Potential Income - Mkt Units		\$0
Subtotal		\$664,188
Less Vacancy %	7.00%	\$46,493
Effective Gross Income		\$617,695

Rental Assistance? TRUE

Expenses		
Category	Total	Per Unit
Administrative	\$163,720	\$2,924
Utilities	\$9,500	\$170
Operating & Maintenance	\$73,800	\$1,318
Taxes & Insurance	\$148,208	\$2,647
Total Operating Expenses	\$395,228	\$7,058
Replacement Reserves	\$16,800	\$300
Total Expenses	\$412,028	\$7,358

Cash Flow	
EGI	\$617,695
Total Expenses	\$412,028
Net Income	\$205,667
Debt Service	\$166,519
Debt Coverage Ratio (YR1):	1.24

Proposed Cost Limit/Sq Ft: \$271
Applicable Cost Limit/Sq Ft: \$476
Proposed Cost Limit/Unit: \$254,937
Applicable Cost Limit/Unit: \$513,262

Unit Breakdown	
Supp Hsg	0
# of Eff	2
# of 1BR	8
# of 2BR	34
# of 3BR	12
# of 4+ BR	0
Total Units	56

	Income Levels	Rent Levels
	# of Units	# of Units
<=30% AMI	0	0
40% AMI	14	14
50% AMI	14	14
60% AMI	28	28
>60% AMI	0	0
Market	0	0

Income Averaging? FALSE

Extended Use Restriction? 30

i. Efficient Use of Resources

Credit Points for 9% Credits:

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

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

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

Combined Max	\$1,580,612
Credit Requested	\$949,500
% of Savings	39.93%
Sliding Scale Points	133.1

4% Deals EUR Points
0.00

Cost Points:

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

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

Total Costs Less Acquisition	\$14,276,471
Total Square Feet	52,585.63
Proposed Cost per SqFt	\$271.49
Applicable Cost Limit per Sq Ft	\$476.00
% of Savings	42.96%
Total Units	56
Proposed Cost per Unit	\$254,937
Applicable Cost Limit per Unit	\$513,262
% of Savings	50.33%
Max % of Savings	50.33%
Sliding Scale Points	100.00

\$/SF = **\$283.35** Credits/SF = **19.61148** Const \$/unit = **\$179,356.36**

TYPE OF PROJECT
LOCATION
TYPE OF CONSTRUCTION

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

11000
400
1

400
1

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

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

	GENERAL							
	EFF-G	1 BR-G	2 BR-G	3 BR-G	4 BR-G	2 BR-TH	3 BR-TH	4 BR-TH
AVG UNIT SIZE	404.62	493.77	831.42	1,282.32	0.00	0.00	0.00	0.00
NUMBER OF UNITS	2	8	34	12	0	0	0	0
PARAMETER-(CREDITS>=35,000)	13,680	18,696	23,940	27,018	0	0	0	0
PARAMETER-(CREDITS<35,000)	0	0	0	0	0	0	0	0
PARAMETER-(CREDITS>=50,000)	13,680	18,696	23,940	27,018	0	0	0	0
PARAMETER-(CREDITS<50,000)	0	0	0	0	0	0	0	0
CREDIT PARAMETER	13,680	18,696	23,940	27,018	0	0	0	0
PROJECT CREDIT PER UNIT	7,935	9,684	16,305	25,148	0	0	0	0
CREDIT PER UNIT POINTS	3.00	13.77	38.72	2.97	0.00	0.00	0.00	0.00

TOTAL CREDIT PER UNIT POINTS

0.00

This calculation of Credit per Unit points applies to 4% Tax Exempt deals only

Credit Parameters - Elderly

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

Credit Parameters - General

	EFF-G	1 BR-G	2 BR-G	3 BR-G	4 BR-G	2 BR-TH	3 BR-TH	4 BR-TH
Standard Credit Parameter - low rise	13,680	18,696	23,940	27,018	0	0	0	0
Parameter Adjustment - mid rise	0	0	0	0	0	0	0	0
Parameter Adjustment - high rise	0	0	0	0	0	0	0	0
Adjusted Credit Parameter	13,680	18,696	23,940	27,018	0	0	0	0

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

Credit Parameters - Elderly

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

Credit Parameters - General

	EFF-G	1 BR-G	2 BR-G	3 BR-G	4 BR-G	2 BR-TH	3 BR-TH	4 BR-TH
Standard Credit Parameter - low rise	13,680	18,696	23,940	27,018	0	0	0	0
Parameter Adjustment - mid rise	0	0	0	0	0	0	0	0
Parameter Adjustment - high rise	0	0	0	0	0	0	0	0
Adjusted Cost Parameter	13,680	18,696	23,940	27,018	0	0	0	0

Tab A:

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

**AMENDED AND RESTATED OPERATING AGREEMENT
OF
SAINT ELIZABETH APARTMENTS LLC**

This Amended and Restated Operating Agreement (the “**Agreement**”) of Saint Elizabeth Apartments LLC (the “**Company**”), a limited liability company organized pursuant to Chapter 12 of Title 13.1 of the Code of Virginia (the “**Act**”), is adopted by CCC Fourquarean LLC, the sole member of the Company (the “**Member**”), to amend certain provisions of the initial Operating Agreement dated as of March 10, 2021 to form a limited liability company pursuant to and in accordance with the Act and to govern certain aspects of the operations of the Company and to set forth certain rights and obligations of the Member of the Company.

1. **Purpose and Powers.** The purpose of the Company is to serve as the owner of the development and property commonly known as Saint Elizabeth Apartments, located in Richmond, Virginia (the “**Project**”), and to undertake any other activity which a limited liability company may lawfully undertake under the Act.
2. **Separateness.** The Company will conduct its business and operations in its own name and will maintain books and records and bank accounts separate from those of any other person or entity.
3. **Management.** The Company will be member-managed. CCC Fourquarean LLC will carry the title of “**Managing Member**” and will exercise full and exclusive control over the affairs of the Company. The Managing Member may appoint officers and agents for the Company and give them such titles and powers as the Managing Member may choose. Any action taken by the Managing Member in the name of the Company, and any action taken by an officer or agent of the Company in the name of the Company and with the proper authorization of the Managing Member, will be an action of the Company. The Managing Member shall be owned by two co-managers, Commonwealth Catholic Charities Housing Corporation, as 75% owner of the Managing Member, and a subsidiary limited liability company wholly owned by People Incorporated Housing Group, as 25% owner of the Managing Member. Commonwealth Catholic Charities Housing Corporation is authorized to execute all application-related documents on behalf of the members of the Managing Member.
4. **Allocations of Profit and Loss.** All profits and losses of the Company (and items of income, deduction, gain, or loss) will be allocated 100% to the Managing Member.
5. **Distributions.** All distributions with respect to a membership interest in the Company will be made 100% to the Managing Member.
6. **Capital Contribution.** The capital contribution of the Managing Member to the Company is \$100.00.
7. **Dissolution.** The Company will dissolve upon the first to occur of (i) the sale or other disposition of all or substantially all of the Company’s property and the Company’s receipt of all or substantially all of the proceeds thereof, or (ii) the determination of the Managing Member to dissolve.
8. **Fiscal Year.** The fiscal year of the Company will be the calendar year.
9. **No Liability of Member and Others.** The Managing Member and its agents and any officers and agents of the Company will not be liable for the Company’s liabilities, debts or obligations, all of which will be the sole obligation of the Company. The failure by the Company to observe any formalities or requirements relating to the exercise of its powers or the management of its business or

affairs under this Agreement will not be grounds for imposing personal liability on the Managing Member or any officer.

10. **Indemnification.** The Company will indemnify and defend the Managing Member and its agents and any officers and agents of the Company, from and against all costs, losses, liabilities and damages incurred by or asserted against any such person in connection with the Company's business to the fullest extent provided or allowed by law.

11. **Amendment.** This Agreement may be amended only by written instrument executed by the Managing Member and indicating an express intention to amend this instrument.

12. **Governing Law.** This Agreement will be interpreted, construed and enforced in accordance with the laws of the Commonwealth of Virginia.

The undersigned has executed this Agreement effective as of March 9, 2022.

[signature page follows]

[signature page to Operating Agreement of Saint Elizabeth Apartments LLC]

CCC FOURQUREAN LLC

By: CCC Fourqurean LLC,
a Virginia limited liability company
Its Managing Member

By: Commonwealth Catholic Charities Housing Corporation,
A Virginia nonstock corporation,
its Co-Managing Member

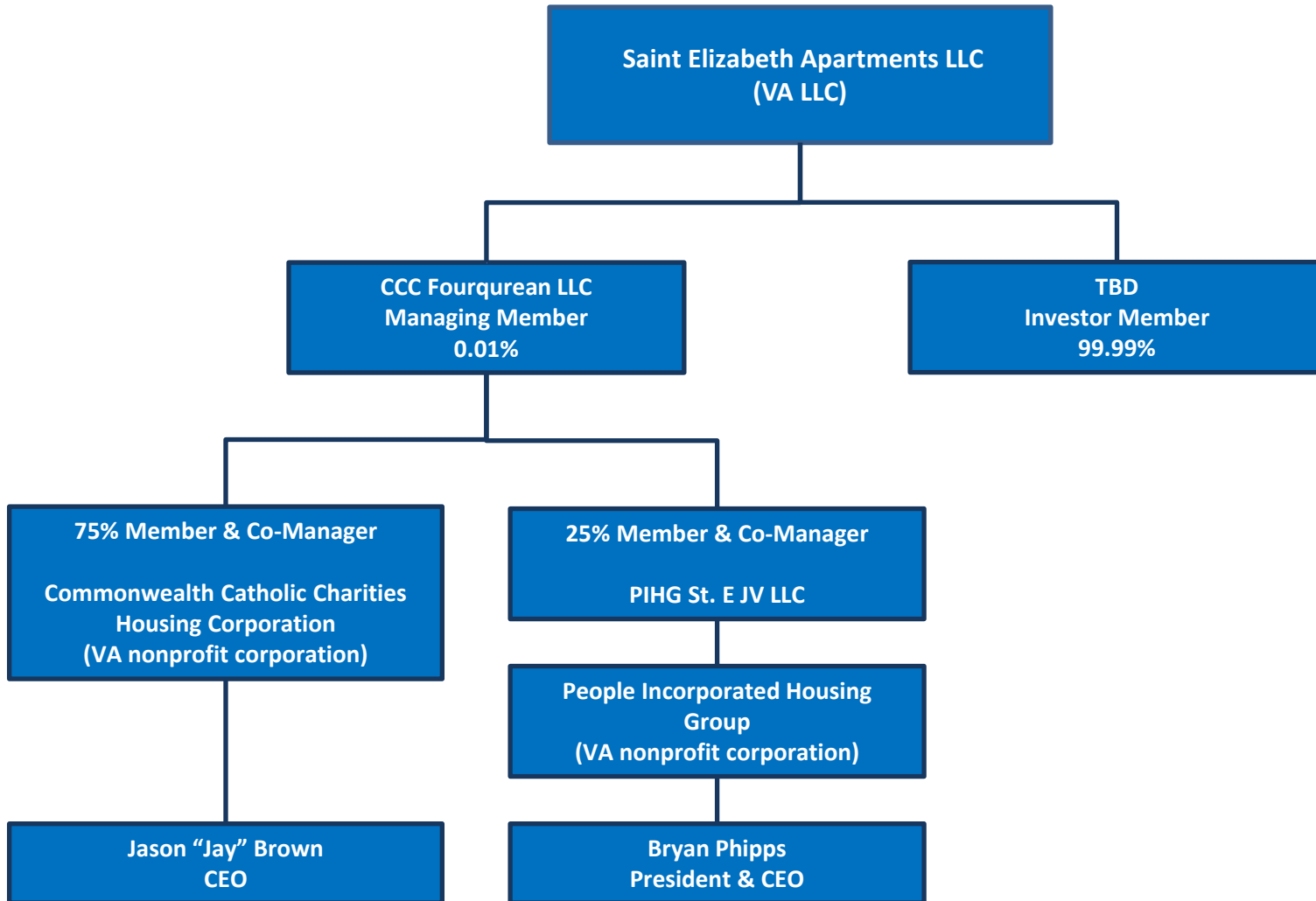
By: 
Name: Jay Brown
Title: Chief Executive Officer

PIHG St. E JV LLC
its Co-Managing Member

By: People Incorporated Housing Group,
a Virginia nonstock corporation,
its Managing Member

By: 
Name: Bryan Phipps
Title: President and CEO

Saint Elizabeth Apartments OWNERSHIP STRUCTURE



DEVELOPMENT AGREEMENT

THIS DEVELOPMENT AGREEMENT (this "Agreement") made as of _____ between Commonwealth Catholic Charities Housing Corporation, a Virginia nonprofit corporation (the "Developer") and Saint Elizabeth Apartments LLC, a Virginia limited liability company (the "Company").

WITNESSETH:

WHEREAS, the Company has been formed to develop, construct, own, maintain and operate certain property as low-income residential rental housing, to be known as Saint Elizabeth Apartments, to be located at 1031 Fourqurean Lane, Richmond, Virginia (the "Project"); and

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

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

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

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

Section 1. Development Services.

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

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

use its best efforts to perform such duty and (ii) promptly notify the Company that the performance of such duty is beyond its reasonable control. The Developer has performed or shall perform the following:

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Section 3. Accounts and Records.

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

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

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

Section 4. Obligation To Complete Construction.

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

Section 5. Development Amount.

As a fee for its services in connection with the development of the Project and the supervision of the construction/rehabilitation of the Project as set forth in Section 1 and elsewhere in this Agreement, the Developer shall be paid an amount (the “Development Amount”) equal to _____. The Development Amount shall be deemed to have been earned as follows:

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

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

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

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

Section 6. Applicable Law.

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

Section 7. Binding Agreement.

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

Section 8. Headings.

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

Section 9. Terminology.

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

Section 10. Benefit of Agreement.

The obligations and undertakings of the Developer set forth in this Agreement are made for the benefit of the Company and its Partners and shall not inure to the benefit of

any creditor of the Company other than a Partner, notwithstanding any pledge or assignment by the Company of this Agreement of any rights hereunder.

[REMAINDER OF PAGE INTENTIONALLY LEFT BLANK]

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

COMPANY:

Saint Elizabeth Apartments LLC a Virginia limited liability company

By: _____,
its managing member

By: _____
Name:
Title:

DEVELOPER:

Commonwealth Catholic Charities Housing Corporation
a Virginia limited liability company

By: _____
Name:
Title:

Tab B:

Virginia State Corporation Commission Certification
(MANDATORY)

Commonwealth of Virginia



STATE CORPORATION COMMISSION

Richmond, March 8, 2021

This is to certify that the certificate of organization of

Saint Elizabeth Apartments LLC

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

Effective date: March 8, 2021



STATE CORPORATION COMMISSION

Attest:

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

Clerk of the Commission

**COMMONWEALTH OF VIRGINIA
STATE CORPORATION COMMISSION**

AT RICHMOND, MARCH 8, 2021

The State Corporation Commission has found the accompanying articles of organization submitted on behalf of

Saint Elizabeth Apartments LLC

to comply with the requirements of law, and confirms payment of all required fees. Therefore, it is ORDERED that this

CERTIFICATE OF ORGANIZATION

be issued and admitted to record with the articles of organization in the Office of the Clerk of the Commission, effective March 8, 2021.

The limited liability company is granted the authority conferred on it by law in accordance with the articles of organization, subject to the conditions and restrictions imposed by law.

STATE CORPORATION COMMISSION

By

A handwritten signature in black ink, appearing to read "Jehmal T. Hudson", with a long horizontal flourish extending to the right.

Jehmal T. Hudson
Commissioner

Limited Liability Company - Articles of Organization

Entity Information

Entity Name: Saint Elizabeth Apartments LLC Entity Type: Limited Liability Company

Business Type

Industry Code: 0 - General

Duration

Perpetual(forever)

Registered Agent Information

RA Type: An Individual who is a resident of Virginia

Locality: HENRICO COUNTY

RA Qualification: Officer or Director of a Corporation that is a Member or Manager of the Limited Liability Company

Name: Jay Brown

Email Address: jaybrown@cccovva.org

The company's initial registered office address, including the street and number, if any, which is identical to the business office of the initial registered agent, is:

Registered Office 1601 Rolling Hills Dr,
Address: Henrico, VA, 23229, USA

Contact Number: N/A

Principal Office Address

Address: 1601 Rolling Hills Dr, Henrico, VA, 23229, USA

Principal Information

Management Structure: Member-Managed

Signature Information

Date Signed: 03/08/2021

Executed in the name of the limited liability company by:

Printed Name	Signature	Title
Jay Brown	Jay Brown	Organizer

Tab C:

Principal's Previous Participation Certification
(MANDATORY)



Previous Participation Certification

Development Name:

Saint Elizabeth Apartments

Name of Applicant (entity):

Saint Elizabeth Apartments LLC

by: CCC Fourquarean LLC, its Managing Member

by: Commonwealth Catholic Charities Housing Corporation

I hereby certify that:

1. All the statements made by me are true, complete and correct to the best of my knowledge and belief and are made in good faith, including the data contained in Schedule A and any statements attached to this certification.
2. During any time that any of the participants were principals in any multifamily rental property, no property has been foreclosed upon, in default or assigned to the mortgage insurer (governmental or private); nor has mortgage relief by the mortgagee been given;
3. During any time that any of the participants were principals in any multifamily rental property, there has not been any breach by the owner of any agreements relating to the construction or rehabilitation, use, operation, management or disposition of the property, including removal from a partnership;
4. That at no time have any principals listed in this certification been required to turn in a property to the investor or have been removed from a multifamily rental property ownership structure;
5. That to the best of my knowledge, there are no unresolved findings raised as a result of state or federal audits, management reviews or other governmental investigations concerning any multifamily rental property in which any of the participants were principals;
6. During any time that any of the participants were principals in any multifamily rental property, there has not been a suspension or termination of payments under any state or federal assistance contract for the property;
7. None of the participants has been convicted of a felony and is not presently, to my knowledge, the subject of a complaint or indictment charging a felony. A felony is defined as any offense punishable by imprisonment for a term exceeding one year, but does not include any offense classified as a misdemeanor under the laws of a state and punishable by imprisonment of two years or less;
8. None of the participants has been suspended, debarred or otherwise restricted by any federal or state governmental entity from doing business with such governmental entity; and

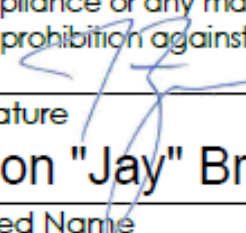
Previous Participation Certification, cont'd

9. None of the participants has defaulted on an obligation covered by a surety or performance bond and has not been the subject of a claim under an employee fidelity bond.
10. None of the participants is a Virginia Housing employee or a member of the immediate household of any of its employees.
11. None of the participants is participating in the ownership of a multifamily rental housing property as of this date on which construction has stopped for a period in excess of 20 days or, in the case of a multifamily rental housing property assisted by any federal or state governmental entity, which has been substantially completed for more than 90 days but for which requisite documents for closing, such as the final cost certification, have not been filed with such governmental entity.
12. None of the participants has been found by any federal or state governmental entity or court to be in noncompliance with any applicable civil rights, equal employment opportunity or fair housing laws or regulations.
13. None of the participants was a principal in any multifamily rental property which has been found by any federal or state governmental entity or court to have failed to comply with Section 42 of the Internal Revenue Code of 1986, as amended, during the period of time in which the participant was a principal in such property. This does not refer to corrected 8823's.
14. None of the participants is currently named as a defendant in a civil lawsuit arising out of their ownership or other participation in a multi-family housing development where the amount of damages sought by plaintiffs (i.e., the ad damnum clause) exceeds One Million Dollars (\$1,000,000).
15. None of the participants has pursued a Qualified Contract or planned foreclosure in Virginia after January 1, 2019.

Statements above (if any) to which I cannot certify have been deleted by striking through the words. In the case of any such deletion, I have attached a true and accurate statement to explain the relevant facts and circumstances.

Failure to disclose information about properties which have been found to be out of compliance or any material misrepresentations are grounds for rejection of an application and prohibition against future applications.

Signature


Jason "Jay" Brown

Printed Name

3/1/2022

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



Previous Participation Certification

Development Name: _____

Name of Applicant (entity): _____

I hereby certify that:

1. All the statements made by me are true, complete and correct to the best of my knowledge and belief and are made in good faith, including the data contained in Schedule A and any statements attached to this certification.
2. During any time that any of the participants were principals in any multifamily rental property, no property has been foreclosed upon, in default or assigned to the mortgage insurer (governmental or private); nor has mortgage relief by the mortgagee been given;
3. During any time that any of the participants were principals in any multifamily rental property, there has not been any breach by the owner of any agreements relating to the construction or rehabilitation, use, operation, management or disposition of the property, including removal from a partnership;
4. That at no time have any principals listed in this certification been required to turn in a property to the investor or have been removed from a multifamily rental property ownership structure;
5. That to the best of my knowledge, there are no unresolved findings raised as a result of state or federal audits, management reviews or other governmental investigations concerning any multifamily rental property in which any of the participants were principals;
6. During any time that any of the participants were principals in any multifamily rental property, there has not been a suspension or termination of payments under any state or federal assistance contract for the property;
7. None of the participants has been convicted of a felony and is not presently, to my knowledge, the subject of a complaint or indictment charging a felony. A felony is defined as any offense punishable by imprisonment for a term exceeding one year, but does not include any offense classified as a misdemeanor under the laws of a state and punishable by imprisonment of two years or less;
8. None of the participants has been suspended, debarred or otherwise restricted by any federal or state governmental entity from doing business with such governmental entity; and

Previous Participation Certification, cont'd

9. None of the participants has defaulted on an obligation covered by a surety or performance bond and has not been the subject of a claim under an employee fidelity bond.
10. None of the participants is a Virginia Housing employee or a member of the immediate household of any of its employees.
11. None of the participants is participating in the ownership of a multifamily rental housing property as of this date on which construction has stopped for a period in excess of 20 days or, in the case of a multifamily rental housing property assisted by any federal or state governmental entity, which has been substantially completed for more than 90 days but for which requisite documents for closing, such as the final cost certification, have not been filed with such governmental entity.
12. None of the participants has been found by any federal or state governmental entity or court to be in noncompliance with any applicable civil rights, equal employment opportunity or fair housing laws or regulations.
13. None of the participants was a principal in any multifamily rental property which has been found by any federal or state governmental entity or court to have failed to comply with Section 42 of the Internal Revenue Code of 1986, as amended, during the period of time in which the participant was a principal in such property. This does not refer to corrected 8823's.
14. None of the participants is currently named as a defendant in a civil lawsuit arising out of their ownership or other participation in a multi-family housing development where the amount of damages sought by plaintiffs (i.e., the ad damnum clause) exceeds One Million Dollars (\$1,000,000).
15. None of the participants has pursued a Qualified Contract or planned foreclosure in Virginia after January 1, 2019.

Statements above (if any) to which I cannot certify have been deleted by striking through the words. In the case of any such deletion, I have attached a true and accurate statement to explain the relevant facts and circumstances.

Failure to disclose information about properties which have been found to be out of compliance or any material misrepresentations are grounds for rejection of an application and prohibition against future applications.



Signature

Printed Name

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

Tab D:

List of LIHTC Developments (Schedule A)
(MANDATORY)

List of LIHTC Developments (Schedule A)



Development Name: Saint Elizabeth Apartments
 Name of Applicant: Saint Elizabeth Apartments LLC

INSTRUCTIONS:

- 1 **A Schedule A is required for every individual that makes up the GP or Managing Member** - does not apply to principals of publicly traded corporations.
- 2 A resume is required for each principal of the General Partnership or Limited Liability Company (LLC).
- 3 For each property for which an uncorrected 8823 has been issued, provide a detailed explanation of the nature of the non-compliance, as well as a status statement.
- 4 List only tax credit development experience since 2002 (i.e. for the past 15 years)
- 5 Use separate pages as needed, for each principal.

Commonwealth Catholic Charities Housing Corporation **Controlling GP (CGP) or 'Named' Managing** Y
Principal's Name: **Member of Proposed property?*** Y or N

Development Name/Location	Name of Ownership Entity and Phone Number	CGP or 'Named' Managing Member at the time of dev.? (Y/N)*	Total Dev. Units	Total Low Income Units	Placed in Service Date	8609(s) Issue Date	Uncorrected 8823's? (Y/N) Explain "Y"
1 Huntington Village/Newport News	NC Owner, LLC	N	96	96	Leasing		
2 The Heights at Brady Square/Richmond	BR Owner, LLC	N	66	66	Under construction		
3 Goose Creek Crossing/Staunton	Goose Creek Crossing MM LLC	N	116	116	Predevelopment		
4 Oak Terrace/Suffolk	Oak Terrace MM LLC	N	120	120	Predevelopment		
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* Must have the ability to bind the LIHTC entity; document with partnership/operating agreements and one 8609 (per entity/development) for a total of 6.

1st PAGE TOTAL: 398 398

LIHTC as % of Total Units
100%

ADD ADDITIONAL PROPERTIES USING NEXT TAB

List of LIHTC Developments (Schedule A)



Development Name: Saint Elizabeth Apartments

Name of Applicant: Saint Elizabeth Apartments LLC

INSTRUCTIONS:

- 1 **A Schedule A is required for every individual that makes up the GP or Managing Member** - does not apply to principals of publicly traded corporations.
- 2 For each property for which an uncorrected 8823 has been issued, provide a detailed explanation of the nature of the non-compliance, as well as a status statement.
- 3 List only tax credit development experience since 2002 (i.e. for the past 15 years)
- 4 Use separate pages as needed, for each principal.

People Incorporated Housing Group **Controlling GP (CGP) or 'Named' Managing** N
Principal's Name: **Member of Proposed property?*** Y or N

	Development Name/Location	Name of Ownership Entity and Phone Number	CGP or 'Named' Managing Member at the time of dev.? (Y/N)*	Total Dev. Units	Total Low Income Units	Placed in Service Date	8609(s) Issue Date	Uncorrected 8823's? (Y/N) Explain "Y"
1	Village Estates Victoria, VA	Village Estates VA LLC	N	39	39	7/28/2016	5/3/2017	N
2	Country Estates Farmville VA	Country Estates VA LLC	N	24	24	12/6/2016	4/7/2017	N
3	Plaza Apartments Staunton, VA	Plaza Apartments VA LLC	N	36	36	12/6/2016	2/21/2017	N
4	White's Mill Point Abingdon, VA	White's Mill Point, LP (276)623-9000	Y	32	32	12/31/2006	8/29/2007	N
5	Clinchfield Place Dante, VA	Clinchfield Place, LP (276)623-9000 RETURNED CREDITS	Y	N/A	N/A	N/A	N/A	N/A
6	Sweetbriar Abingdon, VA	Sweetbriar, LP (276)623-9000	Y	20	20	8/31/2009	5/4/2010	N
7	Abingdon Green Abingdon, VA	Abingdon Green, LLC (276) 623-9000	Y	32	32	10/6/2009	7/8/2010	N
8	Norton Green Norton, VA	Norton Green, LLC (276)623-9000	Y	40	40	10/13/2009	7/8/2010	N
9	Pulaski Village Pulaski, VA	Pulaski Village, LLC (276) 623-9000	Y	44	44	11/30/2009	7/21/2010	N
10	Dante Crossing Dante, VA	Dante Crossing, LLC (276) 623-9000	Y	12	12	12/31/2009	7/21/2010	N
11	Jonesville Manor Jonesville, VA	Jonesville Manor, LLC (276) 623-9000	Y	40	40	12/20/2010	6/10/2011	N
12	Valley Vista Apartments Woodstock, VA	Valley Vista Apartments, LLC (276) 623-9000	Y	85	85	12/20/2010	10/13/2011	N
13	Riverside Place Apts. Damascus, VA	Riverside Place Apartments, LLC (276) 623-9000	Y	22	22	12/31/2011	11/29/2012	N
14	Tom's Brook Apartments Toms Brook, VA	Tom's Brook School Apartments, LLC (276) 623-9000	Y	14	14	12/31/2012	8/18/2014	N
15	Clinch View Manor Gate City, VA	Clinch View Manor, LLC (276) 623-9000	Y	42	42	12/31/2013	8/6/2014	N
16	Woods Landing Damascus, VA	Woods Landing VA Limited Partnership	N	40	40	9/2/2014	9/24/2014	N
17	Washington Court Abingdon, VA	Washington Court VA Limited Partnership	N	39	39	6/30/2014	9/12/2014	N
18	New River Overlook Radford, VA	New River Overlook VA, LLC	N	40	40	10/29/2014	12/11/2015	N
19	Abingdon Village Apts. Abingdon, VA	Abingdon Village Apartments, LLC (276) 623-9000	Y	44	44	11/26/2014	10/7/2015	N
20	Spruce Hill Apartments Floyd, VA	Spruce Hill Apartments, LLC (276) 623-9000	Y	36	36	12/30/2013	9/18/2014	N

List of LIHTC Developments (Schedule A)

21	West Lance Apartments New Castle, VA	West Lance Apartments, LLC (276) 623-9000	Y	34	34	12/30/2013	9/23/2014	N
22	Abingdon Terrace Apts. Abingdon, VA	Abingdon Terrace Apartments, L.L.C. (276) 623-9000	Y	32	32	12/31/2014	9/3/2015	N
23	East Gate Village Gordonsville, VA	East Gate Village, L.L.C. (276) 623-9000 RETURNED CREDITS	Y	N/A	N/A	N/A	N/A	N/A
24	Luray Meadows Apartments Luray, VA	Luray Meadows, L.L.C. (276) 623-9000 RETURNED CREDITS	Y	N/A	N/A	N/A	N/A	N/A
25	Brunswick Manor Apts. Lawrenceville, VA	Brunswick Manor Apartments, L.L.C. (276) 623-9000	Y	40	40	12/31/2017	9/25/2018	N
26	Essex Manor Apartments Tappahannock, VA	Essex Manor Apartments, L.L.C. (276) 623-9000	Y	40	40	11/22/2019	11/20/2020	N
27	Pennington Gap Apartments Pennington Gap, VA	Pennington Gap Apartments, L.L.C. (276) 623-9000	Y	40	40	11/13/2019	5/20/2020	N
28	Millview Apartments Remington, VA	Millview Apartments, L.L.C. (276) 623-9000	Y	28	28	2/26/2021	9/29/2021	N
29	Culpeper Crossing Culpeper, VA	Culpeper Crossing, LLC (276) 623-9000	Y	28	28	12/28/2020	12/14/2021	N
30	Luray Meadows Apartments Luray, VA	Luray Meadows, L.L.C. (276) 623-9000	Y	52	52	TBD	TBD	N
31	East Gate Village Gordonsville, VA	East Gate Village, L.L.C. (276) 698-8760	N	24	24	10/13/2020	6/16/2021	N
32	Mountain Laurel Manor II Staunton, VA	Mountain Laurel Manor VA LLC (276) 698-8760	N	48	48	10/15/2020	3/31/2021	N
33	Brady Square	BR2 Owner, LLC	N	66	66	TBD	TBD	N
34	Mountain Laurel Manor III	Mountain Laurel Manor III VA LLC	N	48	48	TBD	TBD	N
35	Baileyton Terrace Greeneville, TN	Baileyton Terrace Owner LLC (276) 623-9000	Y	40	40	12/28/2020	TBD	N
36	Greeneville Landing Greeneville, TN	Greeneville Owner LLC (276) 623-9000	Y	40	40	9/30/2020	TBD	N
37	Jamestown Village Jamestown, TN	Jamestown Village Owner LLC (276) 623-9000	Y	40	40	12/29/2020	TBD	N
38	Mountain City Manor Mountain City, TN	Mountain City Manor Owner LLC (276) 623-9000	Y	40	40	2/4/2021	TBD	N
39	Newport Village Newport, TN	Newport Village Owner LLC (276) 623-9000	Y	40	40	9/9/2020	TBD	N
40	Tazewell Village New Tazewell, TN	Tazewell Village Owner LLC (276) 623-9000	Y	44	44	12/29/2020	TBD	N
41	Sweetbriar II Apartments Abingdon, VA	Sweetbriar II Apartments, LLC (276) 623-9000	Y	22	22	TBD	TBD	N
42								
43								

* Must have the ability to bind the LIHTC entity; document with partnership/operating agreements and one 8609 (per entity/development) for a total of 6.

**1st PAGE
TOTAL:**

1,427 1,427

**LIHTC as % of
Total Units**
100%

Tab E:

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

OPTION TO GROUND LEASE

This Option to Ground Lease (this “*Option*”) effective March 16, 2021, is made by and among The Most Reverend Barry C. Knestout, Bishop of the Catholic Diocese of Richmond, Virginia, and his Successors in Office (collectively, “*Optionor*”), and Commonwealth Catholic Charities Housing Corporation, a Virginia nonstock, nonprofit corporation (“*CCC*”) or its permitted successors and assigns (“*Optionee*”).

RECITALS

A. Optionor owns those three (3) comprising approximately 3.596-acre parcels of land located in Richmond, Virginia and having street addresses of 1031 Rear Fourquare Lane, 1031, and 1101 Fourquare Lane, Richmond, Virginia, as more particularly described on the attached Exhibit A (“*Land*” or the “*Ground Leasehold Parcel*”), which Land is vacant and contains no buildings, improvements, or tenancies.

B. Optionee intends to apply to Virginia Housing (“*VH*”) for an allocation of low-income housing tax credits and other financing to assist in the development of a multifamily rental housing development and other uses on the Land (“*Project*”).

C. In connection with the process of applying for low-income housing tax credits, Optionee must demonstrate that it has “site control” over the Ground Leasehold Parcel.

D. Optionor will lease the Ground Leasehold Parcel, together with granting any right of access, temporary construction easements and/or any permanent easements necessary for the Project Site Development on or about the Ground Leasehold Parcel on property owned or controlled by the Optionor, to Optionee under a long-term ground lease (“*Ground Lease*”), in form and substance that is mutually agreeable to both such parties.

E. Optionor and Optionee desire to enter into this Option describing their mutual intention to enter into the Ground Lease.

Therefore, the parties agree as follows:

AGREEMENT

1. **Deposit:** On the date hereof, Optionee shall deposit with Stewart Title & Escrow a deposit in the amount of \$100.00 (the “*Deposit*”). The Deposit shall be refundable in the event of Optionee’s good faith failure to exercise the Option or enter into the Ground Lease. If Optionee exercises the Option and enters into the Ground Lease, the Deposit will be applied to the Rent Payment (as defined below).
2. **Option:** At any time beginning the date hereof and ending on the first to occur of (a) 365 days after the date on which Optionee receives a reservation of low-income housing tax credits from VH for Project financing or (b) January 31, 2022 (“*Option Period*”), Optionee will have the right and option to lease the Ground Leasehold Parcel pursuant to the Ground Lease. If the Optionee is unsuccessful in securing a reservation of low-income housing tax credits in that year or any successive year, the Option Period in (a) and (b) above shall automatically extend for one year for up to two additional years.
 - 2.1. **Exercise.** Optionee may exercise the option granted herein at any time during the Option Period by notifying Optionor in writing, provided that all conditions precedent pursuant to

Paragraph 7 have been satisfied, or waived by the party for whose benefit the condition is imposed.

- 2.2. Closing. Closing will occur, and the Ground Lease will become effective, within 90 days following Optionee's delivery of the written notice to Optionor exercising the Option, or such other period agreed to in writing by the Optionee and Optionor (the "**Closing Date**"). Closing will be accomplished through the escrowed delivery of all documents and funds required by this Agreement to Optionee's selected title company (the "**Title Company**").
 - 2.3. Items to be Delivered by Optionor at Closing. At Closing, Optionor will execute, deliver and/or provide to the Title Company, or will cause to be executed, delivered and/or provided to Title Company, the following closing documents:
 - 2.3.1. The Ground Lease conveying to Optionee the leasehold interest to the Ground Leasehold Parcel, free and clear of any monetary liens or encumbrances, in its as-is, where-is condition, and without representation or warranty;
 - 2.3.2. a FIRPTA certificate signed by Optionor containing the following: (i) Optionor's U.S. Taxpayer Identification Number, (ii) the business address of Optionor and (iii) a statement that Optionor is not a foreign person within the meaning of Sections 1445 and 7701 of the Internal Revenue Code;
 - 2.3.3. evidence reasonably satisfactory to the Title Company authorizing the consummation by Optionor of the transactions contemplated hereby and the execution and delivery of all documents and instruments in connection herewith;
 - 2.3.4. all such other documents and instruments customarily executed and delivered by a landlord of a ground leasehold similar to the leasehold interest in the Ground Leasehold Parcel conveyed by the Ground Lease in the jurisdiction in which the Land is located, consistent with the terms and provisions of this Agreement; and
 - 2.3.5. the customary form of affidavit certifying to the Title Company, among other things: (i) the absence of claims which would give rise to mechanic's and materialmen's liens, (ii) that Optionor is the only party in possession of the Ground Leasehold Parcel, and (iii) that there are no pending suits or outstanding judgments against either Optionor or the Land.
 - 2.4. Funds. At Closing, Optionee will provide to the Title Company or cause to be provided to Title Company the immediately available funds payable to the Title Company representing the initial Rent Payment due in accordance with the Ground Lease; and
 - 2.5. Prorations. Real estate taxes and assessments on the Land will be prorated at closing in accordance with normal practices.
3. **Terms and Conditions of Ground Lease**: The terms of the Ground Lease will be as set forth in the form of the Ground Lease to be agreed upon by the parties.

The parties agree to make such reasonable revisions, including but not limited to attaching riders or addenda, to the agreed-upon form of Ground Lease as may be reasonably required by VH or any other investors or lenders for the Project. Unless waived by VH and/or the Project lenders, the Ground Lease will be subject and subordinate to the lien of such lenders and the Project loans.

4. **Initial Rent Payment:** The initial rent payment to be made under the Ground Lease (the “*Rent Payment*”) will be equal to One Dollar and no cents (\$1.00).
5. **Tenant:** The Tenant under the Ground Lease will be a subsidiary of CCC or its permitted successors and assigns, including a joint venture entity (the “*J/V*”), which includes CCC, or their nominees, as parties, together with one or more parties, including without limitation, the tax credit investors.
6. **Recording:** This Option will not be recorded, but the Ground Lease or a memorandum of the Ground Lease is expected to be recorded in the appropriate office of public records. All taxes and other costs of transfer and recordation will be borne by Optionee.
7. **Conditions Precedent to Exercise of Option:** Optionee shall not be entitled to exercise this Option to enter into the Ground Lease until the following conditions have been satisfied:
 - 7.1. Optionee shall have obtained final approval, which cannot be appealed, of any required or necessary land use approvals or permits to perform the Site Development and construct the Project, provided that Optionor shall reasonably assist with and execute related documents to facilitate such approvals, but at no out-of-pocket expense to the Optionor;
 - 7.2. Optionee shall have received a reservation of low-income housing tax credits from VH in an amount Optionee deems necessary to finance the Project;
8. **Conditions Precedent to Entering into Ground Lease:** Following Optionee’s exercise of the Option, the obligation of Optionee to enter into the Ground Lease will be conditioned upon the following:
 - 8.1. Optionor’s title to the Ground Leasehold Parcel shall be good and marketable, and free and clear of all liens, charges, encumbrances, encroachments, easements, restrictions, leases, tenancies, occupancies or agreements or other matters unduly burdening the development of the Project, and the leasehold interest of Optionee under the Ground Lease shall be marketable, fully insurable by a recognized title insurance company at its regular rates on terms acceptable to Optionee, and free and clear of any liens or encumbrances other than encumbrances permitted by Optionee, and Optionor represents, warrants, and covenants to such matters;
 - 8.2. All conditions for closing of financing sufficient to complete the Project as designed shall have been satisfied.
9. **Access to Books and Records; Tests and Surveys:** During the Option Period, and, if Optionee exercises its option, until the Closing Date, Optionee or its agents or affiliates, including but not limited to CCC, shall have the unlimited right to enter upon the Land for the purpose of making such inspections, investigations, surveys, market studies, economic feasibility studies, and tests (including but not limited to soil boring, environmental or engineering tests) as it may deem necessary or desirable, at its sole cost and expense, and shall be given unlimited access to all books and records, including but not limited to all existing environmental reports, engineering reports, maintenance records, title policies and surveys, site plans, and plans and specifications, related to the Land; notwithstanding the foregoing, Optionor shall provide copies of such books and records as are within Optionor’s possession or control to Optionee within ten (10) days of executing this Option. Any such entry to the Land or access to books and records may be at all reasonable times and upon reasonable advance notice to Optionor and shall be at the Optionee’s sole risk and expense. Optionee shall exercise good faith efforts to minimize disruption of Optionor’s activities on the Land. Optionee shall adequately protect the Land and agrees

to promptly repair and restore any damage to the Land resulting from Optionee's activities on the Land, all at Optionee's sole cost and expense.

10. **Termination:** This Option may be terminated in accordance with the following provisions:

10.1. This Option will automatically terminate if Optionee does not exercise its option to lease the Land during the Option Period, or cannot exercise its option during the Option Period as a consequence of the failure of any condition precedent set forth in Section 7, or if the parties hereto do not execute the Ground Lease on or before the Closing Date.

10.2. Optionee may at its election by providing written notice to Optionor terminate this Option as follows:

10.2.1. For its convenience;

10.2.2. If any condition set forth in Section 7 is not or cannot reasonably or practically be satisfied; or

10.2.3. If Optionee determines that the Project is not feasible for any reason or if any investigations, inspections, studies or tests of the Land are unsatisfactory to Optionee.

10.3. Notwithstanding the foregoing, under no circumstances will this Option expire prior to 180 days following the date on which Optionee submits an application to VH for Project financing.

11. **Exclusive Option:** Until such time as this Option is terminated, Optionor shall not market, sell, offer for sale, negotiate with respect to, or otherwise deal in, the sale, lease or other transfer of the Land or of any interest therein, or of any interest in the Optionor or any other entity holding a legal or beneficial interest in the Land.

12. **Representations and Warranties**

12.1. Optionor's Representations and Warranties regarding Optionor and Land. Optionor represents and warrants to Optionee that:

12.1.1. Ownership. Optionor is the owner of the fee simple title to the Property, and all of the improvements located thereon.

12.1.2. Authority. The Optionor has full authority to enter into this Agreement and perform its obligations hereunder in accordance with Virginia law.

12.1.3. Conflicts and Pending Action. There is no agreement to which Optionor is a party or to the best of Optionor's knowledge binding on Optionor which is in conflict with this Option.

12.1.4. Service Contracts and Equipment Leases. There are no Service Contracts and Equipment Leases related to the Land that will survive the Closing.

12.1.5. Violations. Optionor has not received Notice from any Governmental Authority of any violation by Optionor of any law, rule or regulation affecting the Land or its use including any environmental law or regulation, health and public safety law,

nor has Optionor received notice from any Governmental Authority that the Land is in violation of any applicable land use law, building or zoning code or ordinance, except for any such matters which may have been previously cured by Optionor or which have been disclosed to and accepted by Optionee. Optionor makes no representation or warranty about the existence of any asbestos or lead based paint in any buildings or improvements on the Land, but notes that the existing building on the Land was constructed during the time when both asbestos and lead based paint were often used as construction materials.

- 12.1.6. Anti-Terrorism Laws. Optionor is not a person or an entity described by Section 1 of the Executive Order (No. 13,224) Blocking Property and Prohibiting Transactions With Persons Who Commit, Threaten to Commit, or Support Terrorism, 66 Fed. Reg. 49,079 (September 24, 2001) (a "Prohibited Person"), and does not engage in any dealings or transactions, and is not otherwise associated, with any Prohibited Person.
 - 12.1.7. Tenant Leases. There are no Tenant Leases or tenancies of the Property that will survive the Closing.
 - 12.1.8. Non-Foreign Status. Optionor is not a "foreign person" as defined in Section 1445 of the Internal Revenue Code.
 - 12.1.9. No Bankruptcy. Optionor has not (a) commenced a voluntary case, or had entered against it a petition, for relief under any federal bankruptcy act or any similar petition, order or decree under any federal or state law with respect to bankruptcy, insolvency or other relief for debtors, or (b) caused, suffered or consented to the appointment of a receiver, trustee, administrator, conservator, liquidator or similar official in any federal, state or foreign judicial or non-judicial proceeding to hold, administer and/or liquidate all or substantially all of its assets.
 - 12.1.10. The Ground Leasehold Parcel is leased "AS-IS," "WHERE-IS." Except as specifically provided for herein, the Optionor disavows any oral statements or representations made by its agents, employees or third parties unless said statement or representation is specifically incorporated herein.
- 12.2. Optionee's Representations and Warranties. As a material inducement to Optionor to execute this Agreement and consummate this transaction, Optionee represents and warrants to Optionor that:
- 12.2.1. Organization and Authority. Optionee has been duly organized and validly exists, as a nonstock corporation in good standing in the Commonwealth of Virginia. Optionee has the full right and authority and has obtained any and all consents required to enter into this Agreement and has or shall have such full right and authority to consummate or cause to be consummated the transactions contemplated hereby. This Agreement has been, and all of the documents to be delivered by Optionee at the Closing will be, authorized and properly executed and constitutes, or will constitute, as appropriate, the valid and binding obligation of Optionee, enforceable in accordance with their terms.
 - 12.2.2. Conflicts and Pending Action. There is no agreement to which Optionee is a party or to Optionee's knowledge binding on Optionee which is in conflict with

this Agreement. There is no action or proceeding pending or, to Optionee's knowledge, threatened against Optionee which challenges or impairs Optionee's ability to execute or perform its obligations under this Agreement.

12.2.3. Anti-Terrorism Laws. Optionee is not a Prohibited Person, and does not engage in any dealings or transactions, and is not otherwise associated, with any Prohibited Person.

12.2.4. Survival. The provisions of this Section shall survive the Closing.

13. **Easements:** Optionor will cooperate with Optionee together to ensure the Property and/or Optionee, as applicable, has any and all any right of access, including any temporary and permanent construction easements, rights-of-way, agreements, and other documentation as may be reasonably required by the Optionee to develop and operate the Project, including, but not limited to, with respect to access, storm drainage and management systems, sanitary sewer systems, water lines, electric power systems, natural gas lines, telephone lines and other utilities, to Optionee.

14. **Notices:** Any and all notices, elections, demands or communications permitted or required to be made under this Option will be in writing, signed by the party giving such notice, and will be delivered in person or sent by registered or certified mail to the other party hereto. The date of personal delivery or the date of such mailing, as the case may be, will be the date that such notice or election will be deemed to have been given. For the purpose of this Option:

The address of Optionor is:

Catholic Diocese of Richmond, Virginia
7800 Carousel Lane
Henrico, Virginia 23294
Attn: Mike McGee, CFO

The address of Optionee is:

Commonwealth Catholic Charities Housing Corporation
809 Oliver Hill Way
Richmond, Virginia 23219
Attn: Jay Brown, CEO

With a copy to:

Klein Hornig LLP
1325 G Street NW, Suite 770
Washington, DC 20005
Attn: Erik T. Hoffman

15. **Choice of Law:** This Option will be governed by, enforced, and construed in accordance with the internal laws of the Commonwealth of Virginia.

16. **Assignment:** The Optionee may without the prior written consent of Optionor, assign its interest in the Option to an entity as permitted herein under Section 5 or to an entity controlled, operated or managed by CCC ("*Permitted Assignment*"). Other than a Permitted Assignment, Optionee will not assign its

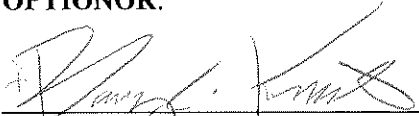
interest in the Option without the prior written consent of Optionor. This Option shall be binding on the successors and assigns of the parties hereto.

17. **Counterparts:** This Option may be executed in multiple original counterparts, each of which will constitute an original document binding upon the party or parties signing the same. It will not be necessary that all parties sign all counterparts and this Option will be binding if each party will have executed at least one counterpart. PDF, TIF, facsimile, or other electronic signatures will be deemed originals for all purposes.

(signature page follows)

The parties have executed this Option to Ground Lease as of the date first above written.

OPTIONOR:



The Most Reverend Barry C. Knestout
Bishop of the Catholic Diocese of Richmond, Virginia

OPTIONEE:

Commonwealth Catholic Charities Housing Corporation,
c/o Commonwealth Catholic Charities of Virginia
Virginia nonstock, nonprofit corporation

By: _____

Name: Jay Brown

Title: Chief Executive Office

Exhibit A

Legal Description of Land Parcels

Parcel I - 1031 Rear Fourquarean Lane (N000-0803/063):

ALL that certain lot, piece or parcel of land lying and being in the City of Richmond, Virginia, and bounded and described as follows, to-wit:

Commencing at the intersection of the northwest line of East Fork Cannon's Branch with the eastern line of an alley 17.77 feet wide, thence N. 8 degrees 27' along said eastern line of said alley 33.49 feet; thence N. 36 degrees 30' 00" E. 318.71 feet to a point; thence N. 13 degrees 58' 00" E. 100.24 feet to a point; thence S. 54 degrees 02' 30" E. along the southern line of the Catholic Church Property 214.91 feet to the said northwestern line of East Fork Cannon's Branch, thence S. 55 degrees 46' 00" W. along the line of East Fork Cannon's Branch 463 feet to the point of beginning. Being the parcel of land marked "Reserved" on the Plat of Section 2, Green Park, Richmond, Virginia, dated February 19, 1951, made by W.W. LaPrade & Bros., Civil Engineers, Richmond, Va., and recorded in the Clerk's Office, Circuit Court, City of Richmond, Division I, Virginia, in Plat Book 12, Page 98.

BEING a portion of the same real estate conveyed to Francis X. DiLorenzo, Bishop of the Catholic Diocese of Richmond, Virginia, and his Successors in Office, by deed from Richmond Affordable Housing, a Virginia nonstock corporation, dated June 19, 2017, recorded June 29, 2017 in the Clerk's Office, Circuit Court, City of Richmond, Virginia as Instrument No. 170013446.

Parcel II - 1031 Fourquarean Lane (N000-0803/002):

ALL of that certain lot, piece or parcel of land, together with all improvements thereon and appurtenances thereto belonging, lying and being in the City of Richmond, Virginia, and being known and designated as 1031 Fourquarean Lane (formerly 925 Fourquarean Lane), all as more particularly shown on a certain "Plat of Property Situated on the Southern Line of Fourquarean Lane and East of Harold Avenue, Richmond, Virginia", by Chas. H. Fleet & Associates, Engineers & Surveyors, Richmond, VA., dated March 4, 1983, a copy of which is attached to and recorded with the Deed in Deed Book 17, Page 535.

BEING the same real estate conveyed to The Most Reverend Barry C. Knestout, Bishop of the Catholic Diocese of Richmond and His Successors in Office by deed from Chestnut Commons, LLC, dated January 11, 2018, recorded January 18, 2018 in the Clerk's Office, Circuit Court, City of Richmond, Virginia as Instrument No. 180001054.

Parcel III - 1101 Fourquarean Lane (N000-0803/004):

ALL that certain lot of land in the City of Richmond, Virginia, being Parcel No. 1 on a plat of survey dated May 19, 1942, made by W. W. LaPrade & Bros., Civil Engineers, attached to a certain deed recorded in the aforesaid Clerk's Office in Deed Book 432-A, page 287 and being described with reference to said plat as follows:

BEGINNING on the South line of Fourquarean's Lane at its intersection with the Western line of a 100 foot Street styled "East Park Cannon's Branch" on said plat, and running thence Westwardly along and fronting 432.26 feet on the South Line of Fourquarean's Lane; thence running back Southwardly at right

angle to said Lane 273 feet to a rod; thence in a Southeasterly direction 215.33 feet to a rod on the Northwesterly line of said 100 foot street; thence running in a Northeasterly direction along said 100 foot street 429.21 feet to the point of beginning.

LESS and EXCEPT that parcel of land conveyed to Irene C. Pervall, et al, by deed dated September 10, 1984, recorded September 12, 1984 in the Clerk's Office, Circuit Court, City of Richmond, Virginia, in Deed Book 17, page 535, shown on a plat entitled "Plat of Property Situated on the Southern Line of Fourqurean Lane and East of Harold Avenue, Richmond, Va.", by Chas. H. Fleet & Assocs., Engineers & Surveyors, dated March 4, 1983, and attached to said deed.

BEING a portion of the same real estate conveyed to Francis X. DiLorenzo, Bishop of the Catholic Diocese of Richmond, Virginia, and his Successors in Office, by deed from Richmond Affordable Housing, a Virginia nonstock corporation, dated June 19, 2017, recorded June 29, 2017 in the Clerk's Office, Circuit Court, City of Richmond, Virginia as Instrument No. 170013446.

The Most Reverend Barry C. Knestout, Bishop of the Catholic Diocese of Richmond, Virginia, is the Successor in Office to Francis X. DiLorenzo.

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**ASSIGNMENT OF
OPTION TO GROUND LEASE**

THIS ASSIGNMENT OF OPTION TO GROUND LEASE (this “**Assignment**”) is made as of March 16, 2021, by and between Commonwealth Catholic Charities Housing Corporation, a Virginia nonstock, nonprofit corporation (“**Optionee**”/ “**Assignor**”), and by Saint Elizabeth Apartments LLC, a Virginia limited liability company (“**Assignee**”), and together with Optionee, the “**Parties**”).

RECITALS

WHEREAS, Optionee/Assignor and The Most Reverend Barry C. Knestout, Bishop of the Catholic Diocese of Richmond, Virginia and his Successors in Office (“**Optionor**”) have entered into that certain Option to Ground Lease with an Effective Date of March 16, 2021 (the “**Option Agreement**”), wherein Optionor granted the option to lease certain property located in Richmond, Virginia, and all as more particularly described in the Option Agreement (the “**Property**”);

WHEREAS, pursuant to Section 16 of the Option to Ground Lease, the Optionee/Assignor has the right to assign the Option to Ground Lease, and any of its rights under the Option to Ground Lease, to any related entity in which Optionee/Assignor or the principals thereof have a controlling interest, without the need to obtain the approval of Optionor;

WHEREAS, Optionee/Assignor has a controlling interest in Assignee, because Optionee/Assignor is the sole member of CCC Fourquarean LLC, a Virginia limited liability company, which is the managing member of Assignee; and

WHEREAS, Assignee was formed for the purpose of owning and operating the project known as Saint Elizabeth Apartments to be constructed on the Property; and

WHEREAS, Optionee/Assignor desires to assign its right, title and interests in, to and under the Option Agreement and the option to lease the Property, and Assignee desires to assume the same.

NOW, THEREFORE, in consideration of the foregoing premises, and for other good and valuable consideration the receipt and sufficiency of which are hereby acknowledged, the Parties agree as follows:

1. Optionee/Assignor does hereby assign, transfer, and convey all of its right, title and interests in, to and under the Option Agreement for the Property to Assignee and Assignee hereby assumes all of Optionee/Assignor’s rights, duties and obligations in, to and under the Option Agreement for the Property and the option to lease the Property. Capitalized terms, not otherwise defined herein, shall have the definitions ascribed to them in the Option Agreement.
2. This Assignment shall be binding upon Optionee/Assignor and shall inure to the benefit of Assignee and its successors, heirs and assigns.

3. The terms of this Assignment shall be interpreted, construed, and enforced pursuant to the laws of Virginia.
4. This Assignment may be executed in counterparts and the facsimile or electronic transmittal of a copy hereof bearing any person's signature shall have the same force and effect as the physical delivery to the same recipient of a copy hereof bearing such person's original signature.


[Signatures appear on the following page]

[Signature Page of Assignment of Option to Ground Lease]

IN WITNESS WHEREOF this Assignment has been executed by authorized representatives of the undersigned.

OPTIONEE/ ASSIGNOR:

COMMONWEALTH CATHOLIC CHARITIES HOUSING CORPORATION,
a Virginia nonstock, nonprofit corporation

By: 
Name: Jay Brown
Title: Chief Executive Officer

ASSIGNEE:

SAINT ELIZABETH APARTMENTS LLC,
a Virginia limited liability company

By: CCC Fourquarean LLC,
a Virginia limited liability company
its managing member

By: Commonwealth Catholic Charities Housing Corporation,
a Virginia nonstock corporation
its sole member

By: 
Name: Jay Brown
Title: Chief Executive Officer

Property: 1031 Fourquarean Lane **Parcel ID:** N0000803002**Parcel**

Street Address: 1031 Fourquarean Lane Richmond, VA 23222-
Owner: CATHOLIC DIOCESE OF RICHMOND KNESTOUT BARRY C BISHOP MOST REV
Mailing Address: 7800 CAROUSEL LN, RICHMOND, VA 23294-4201
Subdivision Name : NONE
Parent Parcel ID:
Assessment Area: 504 - MF East
Property Class: 302 - R Multi-Family Vacant(R53)
Zoning District: R-53 - Residential (Multi-Family)
Exemption Code: -

Current Assessment

Effective Date: 01/01/2022
Land Value: \$179,000
Improvement Value:
Total Value: \$179,000
Area Tax: \$0
Special Assessment District: None

Land Description

Parcel Square Feet: 87991.2
Acreage: 2.02
Property Description 1: 0321.00X0274.00 IRG0002.020 AC
State Plane Coords(?): X= 11795361.499987 Y= 3731885.214260
Latitude: 37.56745836 , **Longitude:** -77.42188291

Description

Land Type: Primary Commercial/Indust Land
Topology:
Front Size: 321
Rear Size: 274
Parcel Square Feet: 87991.2
Acreage: 2.02
Property Description 1: 0321.00X0274.00 IRG0002.020 AC
Subdivision Name : NONE
State Plane Coords(?): X= 11795361.499987 Y= 3731885.214260
Latitude: 37.56745836 , **Longitude:** -77.42188291

Other

Street improvement:
Sidewalk:

Assessments

Assessment Year	Land Value	Improvement Value	Total Value	Reason
2022	\$179,000	\$0	\$179,000	Reassessment
2021	\$179,000	\$121,000	\$300,000	Reassessment
2020	\$179,000	\$121,000	\$300,000	Reassessment
2019	\$179,000	\$121,000	\$300,000	Reassessment
2018	\$179,000	\$121,000	\$300,000	Reassessment
2017	\$179,000	\$121,000	\$300,000	Reassessment
2016	\$179,000	\$121,000	\$300,000	Reassessment
2015	\$179,000	\$121,000	\$300,000	Reassessment
2014	\$179,000	\$121,000	\$300,000	Reassessment
2013	\$179,000	\$121,000	\$300,000	Reassessment
2012	\$179,000	\$121,000	\$300,000	Reassessment
2011	\$179,000	\$121,000	\$300,000	CarryOver
2010	\$179,000	\$121,000	\$300,000	Reassessment
2009	\$178,600	\$121,400	\$300,000	OfficeReview
2008	\$205,700	\$221,300	\$427,000	Reassessment
2007	\$205,700	\$221,300	\$427,000	Reassessment
2006	\$199,700	\$204,900	\$404,600	Reassessment
2005	\$83,600	\$247,500	\$331,100	Reassessment
2004	\$76,000	\$225,000	\$301,000	Reassessment
2003	\$66,100	\$204,500	\$270,600	Reassessment
2002	\$60,100	\$185,900	\$246,000	Reassessment
2001	\$46,200	\$143,000	\$189,200	Reassessment
2000	\$44,000	\$143,000	\$187,000	Reassessment
1998	\$44,000	\$143,000	\$187,000	Not Available

Transfers

Transfer Date	Consideration Amount	Grantor Name	Deed Reference	Verified Market Sale Description
01/18/2018	\$296,000	CHESTNUT COMMONS LLC	ID2018-1054	2 - INVALID SALE-Special Financing/Terms, etc.
07/28/2008	\$300,000	TRUSTEES OF FIFTH STREET	ID2008-20381	2 - INVALID SALE-Special Financing/Terms, etc.
10/07/1988	\$0	Not Available	00181-0963	
11/06/1985	\$32,900	Not Available	000059-01417	
09/12/1984	\$155,000	Not Available	000017-00535	

Planning

Master Plan Future Land Use: R
Zoning District: R-53 - Residential (Multi-Family)
Planning District: North
Traffic Zone: 1024
City Neighborhood Code: GRPK
City Neighborhood Name: Green Park
Civic Code:
Civic Association Name:
Subdivision Name: NONE
City Old and Historic District:
National historic District: Chestnut Hill-Plateau
Neighborhoods in Bloom:
Redevelopment Conservation Area:

Economic Development

Care Area: - **Enterprise Zone:**

Environment

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

Census

Census Year	Block	Block Group	Tract
2000	1000	0110001	011000
1990	101	0110001	011000

Schools

Elementary School: Overby Sheppard
Middle School: Henderson
High School: Marshall

Public Safety

Police Precinct: 4
Police Sector: 411
Fire District: 15
Dispatch Zone: 090A

Public Works Schedules

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

Government Districts

Council District: 6
Voter Precinct: 603
State House District: 79
State Senate District: 18
Congressional District: 4

Property Images

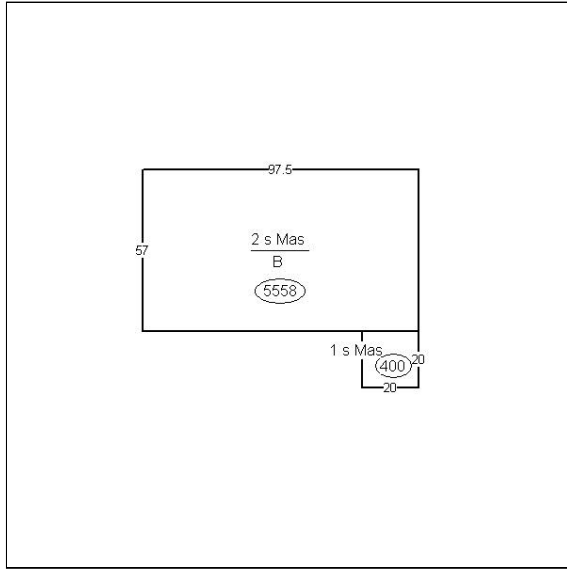
Name:N0000803002 Desc:



[Click here for Larger Image](#)

Sketch Images

Name:N0000803002 Desc:C01



Property: 1031 Rear Fourqorean Lane **Parcel ID:** N0000803063**Parcel**

Street Address: 1031 Rear Fourqorean Lane Richmond, VA 23222-
Alternate Street Addresses: 1031 Fourqorean Lane Rear
Owner: CATHOLIC DIOCESE OF RICHMOND VA DILORENZO FRANCIS X BISHOP
Mailing Address: 7800 CAROUSEL LN, RICHMOND, VA 23294-4201
Subdivision Name : NONE
Parent Parcel ID:
Assessment Area: 314 - Barton Heights
Property Class: 101 - R Single Family Vacant (R1-R7)
Zoning District: R-5 - Residential (Single Family)
Exemption Code: -

Current Assessment

Effective Date: 01/01/2022
Land Value: \$59,000
Improvement Value:
Total Value: \$59,000
Area Tax: \$0
Special Assessment District: None

Land Description

Parcel Square Feet: 45308
Acreage: 1.04
Property Description 1: ST ELIZABETH SCHOOL PLAYGROUND
Property Description 2: 0463.00X0214.91 IRG0000.000
State Plane Coords(?): X= 11795153.000016 Y= 3731654.558166
Latitude: 37.56681293 , **Longitude:** -77.42240577

Description

Land Type: Residential Lot A
Topology: Level
Front Size: 463
Rear Size: 214
Parcel Square Feet: 45308
Acreage: 1.04
Property Description 1: ST ELIZABETH SCHOOL PLAYGROUND
Property Description 2: 0463.00X0214.91 IRG0000.000
Subdivision Name : NONE
State Plane Coords(?): X= 11795153.000016 Y= 3731654.558166
Latitude: 37.56681293 , **Longitude:** -77.42240577

Other

Street improvement: Paved
Sidewalk: Yes

Assessments

Assessment Year	Land Value	Improvement Value	Total Value	Reason
2022	\$59,000	\$0	\$59,000	Reassessment
2021	\$45,000	\$0	\$45,000	Reassessment
2020	\$45,000	\$0	\$45,000	Reassessment
2019	\$45,000	\$0	\$45,000	Reassessment
2018	\$45,000	\$0	\$45,000	Reassessment
2017	\$45,000	\$0	\$45,000	Reassessment
2016	\$35,000	\$0	\$35,000	Reassessment
2015	\$35,000	\$0	\$35,000	Reassessment
2014	\$35,000	\$0	\$35,000	Reassessment
2013	\$35,000	\$0	\$35,000	Reassessment
2012	\$35,000	\$0	\$35,000	Reassessment
2011	\$35,000	\$0	\$35,000	CarryOver
2010	\$35,000	\$0	\$35,000	Reassessment
2009	\$35,000	\$0	\$35,000	Reassessment
2008	\$35,000	\$0	\$35,000	Reassessment
2007	\$35,000	\$0	\$35,000	Reassessment
2006	\$26,600	\$0	\$26,600	Reassessment
2005	\$17,500	\$0	\$17,500	Reassessment
2004	\$14,000	\$0	\$14,000	Reassessment
2003	\$14,000	\$0	\$14,000	Reassessment
2002	\$13,700	\$0	\$13,700	Reassessment
2001	\$15,000	\$0	\$15,000	Reassessment
2000	\$14,300	\$0	\$14,300	Reassessment
1998	\$14,300	\$0	\$14,300	Not Available

Transfers

Transfer Date	Consideration Amount	Grantor Name	Deed Reference	Verified Market Sale Description
06/29/2017	\$72,000	RICHMOND AFFORDABLE HOUSING	ID2017-13446	1 - VALID SALE-Sale Includes Multiple Parcels
10/31/2016	\$72,000	SULLIVAN WALTER F BISHOP	ID2016-21417	2 - INVALID SALE-Sale Includes Multiple Parcels

Planning

Master Plan Future Land Use: R
Zoning District: R-5 - Residential (Single Family)
Planning District: North
Traffic Zone: 1024
City Neighborhood Code: GRPK
City Neighborhood Name: Green Park
Civic Code:
Civic Association Name:
Subdivision Name: NONE
City Old and Historic District:
National historic District:
Neighborhoods in Bloom:
Redevelopment Conservation Area:

Economic Development

Care Area: -
Enterprise Zone:

Environment

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

Census

Census Year	Block	Block Group	Tract
2000	1000	0110001	011000
1990	101	0110001	011000

Schools

Elementary School: Overby Sheppard
Middle School: Henderson
High School: Marshall

Public Safety

Police Precinct: 4
Police Sector: 411
Fire District: 15
Dispatch Zone: 090A

Public Works Schedules

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

Government Districts

Council District: 6
Voter Precinct: 603
State House District: 79
State Senate District: 18
Congressional District: 4

Property Images

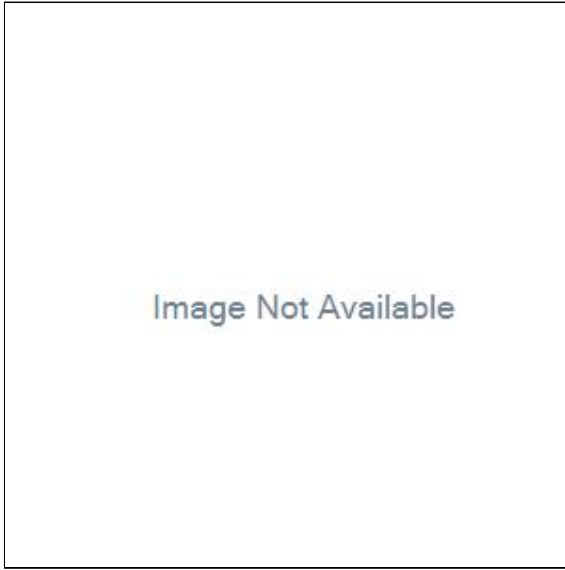
Name:N0000803063 Desc:



[Click here for Larger Image](#)

Sketch Images

Name: Desc:



Property: 1101 Fourquarean Lane **Parcel ID:** N0000803004**Parcel**

Street Address: 1101 Fourquarean Lane Richmond, VA 23222-
Owner: CATHOLIC DIOCESE OF RICHMOND VA DILORENZO FRANCIS X BISHOP
Mailing Address: 7800 CAROUSEL LN, RICHMOND, VA 23294-4201
Subdivision Name : NONE
Parent Parcel ID:
Assessment Area: 314 - Barton Heights
Property Class: 101 - R Single Family Vacant (R1-R7)
Zoning District: R-5 - Residential (Single Family)
Exemption Code: -

Current Assessment

Effective Date: 01/01/2022
Land Value: \$47,000
Improvement Value:
Total Value: \$47,000
Area Tax: \$0
Special Assessment District: None

Land Description

Parcel Square Feet: 11112.5
Acreage: 0.255
Property Description 1: 0111.26X0274.00 IRG0000.000
State Plane Coords(?): X= 11795563.499996 Y= 3731951.389398
Latitude: 37.56744653 , **Longitude:** -77.42126629

Description

Land Type: Residential Lot A
Topology: Level
Front Size: 111
Rear Size: 274
Parcel Square Feet: 11112.5
Acreage: 0.255
Property Description 1: 0111.26X0274.00 IRG0000.000
Subdivision Name : NONE
State Plane Coords(?): X= 11795563.499996 Y= 3731951.389398
Latitude: 37.56744653 , **Longitude:** -77.42126629

Other

Street improvement: Paved
Sidewalk: Yes

Assessments

Assessment Year	Land Value	Improvement Value	Total Value	Reason
2022	\$47,000	\$0	\$47,000	Reassessment
2021	\$36,000	\$0	\$36,000	Reassessment
2020	\$36,000	\$0	\$36,000	Reassessment
2019	\$27,000	\$0	\$27,000	Reassessment
2018	\$27,000	\$0	\$27,000	Reassessment
2017	\$27,000	\$0	\$27,000	Reassessment
2016	\$25,000	\$0	\$25,000	Reassessment
2015	\$25,000	\$0	\$25,000	Reassessment
2014	\$25,000	\$0	\$25,000	Reassessment
2013	\$25,000	\$0	\$25,000	Reassessment
2012	\$23,000	\$0	\$23,000	Reassessment
2011	\$23,000	\$0	\$23,000	CarryOver
2010	\$23,000	\$0	\$23,000	Reassessment
2009	\$23,000	\$0	\$23,000	Reassessment
2008	\$23,000	\$0	\$23,000	Reassessment
2007	\$23,000	\$0	\$23,000	Reassessment
2006	\$23,300	\$0	\$23,300	Reassessment
2005	\$8,700	\$0	\$8,700	Reassessment
2004	\$7,900	\$0	\$7,900	Reassessment
2003	\$6,900	\$0	\$6,900	Reassessment
2002	\$6,900	\$0	\$6,900	Reassessment
2001	\$5,300	\$0	\$5,300	Reassessment
2000	\$5,000	\$0	\$5,000	Reassessment
1998	\$5,000	\$0	\$5,000	Not Available

Transfers

Transfer Date	Consideration Amount	Grantor Name	Deed Reference	Verified Market Sale Description
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Master Plan Future Land Use: R
Zoning District: R-5 - Residential (Single Family)
Planning District: North
Traffic Zone: 1024
City Neighborhood Code: GRPK
City Neighborhood Name: Green Park
Civic Code:
Civic Association Name:
Subdivision Name: NONE
City Old and Historic District:
National historic District: Chestnut Hill-Plateau
Neighborhoods in Bloom:
Redevelopment Conservation Area:

Economic Development

Care Area: -
Enterprise Zone:

Environment

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

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Census Year	Block	Block Group	Tract
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Middle School: Henderson
High School: Marshall

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Police Sector: 411
Fire District: 15
Dispatch Zone: 090A

Public Works Schedules

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Leaf Collection: TBD
Refuse Collection: Wednesday
Bulk Collection: TBD

Government Districts

Council District: 6
Voter Precinct: 603
State House District: 79
State Senate District: 18
Congressional District: 4

Property Images

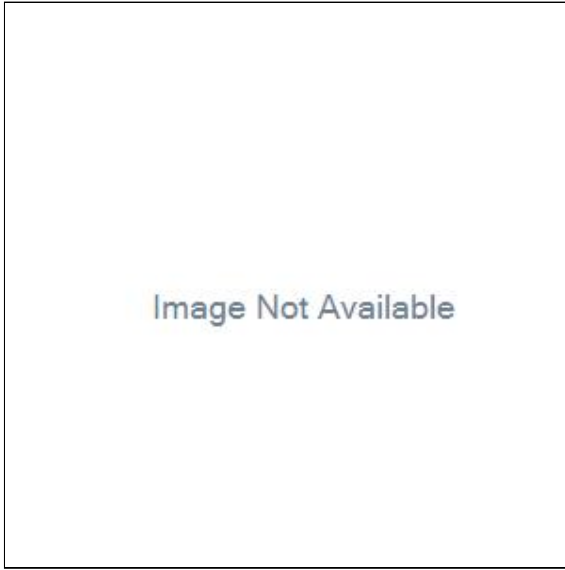
Name:N0000803004 Desc:C01



[Click here for Larger Image](#)

Sketch Images

Name: Desc:



Tab F:

RESNET Rater Certification (MANDATORY)



Appendix F

RESNET Rater Certification of Development Plans

I certify that the development's plans and specifications incorporate all items for the required baseline energy performance as indicated in Virginia's Qualified Allocation Plan (QAP).

In the event the plans and specifications do not include requirements to meet the QAP baseline energy performance, then those requirements still must be met, even though the application is accepted for credits.

***Please note that this may cause the Application to be ineligible for credits. The Requirements apply to any new, adaptive reuse or rehabilitated development (including those serving elderly and/or physically disabled households).

In addition provide HERS rating documentation as specified in the manual

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

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

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

Additional Optional Certifications

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

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

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

FALSE National Green Building Standard (NGBS) - The development's design meets the criteria for meeting the NGBS Silver or higher standards to obtain certification

FALSE Enterprise Green Communities - The developmen's design meets the criteria for meeting meeting the requirements as stated in the Enterprise Green Communities Criteria for this developments construction type to obtain certification.

***Please Note Raters must have completed 500+ ratings in order to certify this form

Signed: [Signature]

Date: 3/8/22

Printed Name: Stacey Smith

Resnet Provider Agency
Viridiant

RESNET Rater
Signature [Signature]

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

Home Energy Rating Certificate

Projected Report

Rating Date: 2022-03-01

Registry ID:

Ekotrope ID: wdkoElbd

HERS® Index Score:

56

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

Annual Savings

\$948

*Relative to an average U.S. home

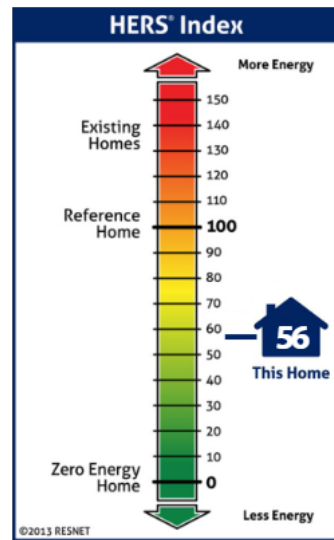
Home:
1031 Fourqurean Lane
Richmond, VA 23222

Builder:

Your Home's Estimated Energy Use:

	Use [MBtu]
Heating	4.7
Cooling	2.4
Hot Water	7.0
Lights/Appliances	14.4
Service Charges	
Generation (e.g. Solar)	0.0
Total:	28.5

This home meets or exceeds the criteria of the following:



Home Feature Summary:

Home Type:	Apartment, end unit
Model:	Saint Elizabeth - Building Type 1B Model 2 3BR unit 3R
Community:	Saint Elizabeth Apartments
Conditioned Floor Area:	1,011 ft ²
Number of Bedrooms:	3
Primary Heating System:	Air Source Heat Pump • Electric • 8.5 HSPF
Primary Cooling System:	Air Source Heat Pump • Electric • 15 SEER
Primary Water Heating:	Residential Water Heater • Electric • 0.92 UEF
House Tightness:	5 ACH50
Ventilation:	40 CFM • 45 Watts
Duct Leakage to Outside:	4 CFM25 / 100 ft ²
Above Grade Walls:	R-13
Ceiling:	Attic, R-38
Window Type:	U-Value: 0.3, SHGC: 0.27
Foundation Walls:	N/A
Framed Floor:	R-15

Rating Completed by:

Energy Rater: Stacey Smith
RESNET ID: 2279319

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

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


Stacey Smith, Certified Energy Rater
Digitally signed: 3/8/22 at 2:02 PM



Home Energy Rating Certificate

Projected Report

Rating Date: 2022-03-01
 Registry ID:
 Ekotrope ID: b2J9q6ov

HERS® Index Score:

62

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

Annual Savings

\$562

*Relative to an average U.S. home

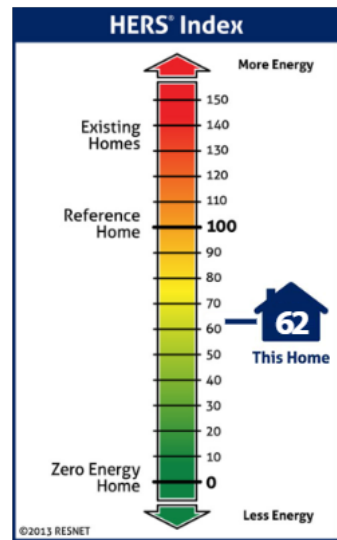
Home:
 1031 Fourqurean Lane
 Richmond, VA 23222

Builder:

Your Home's Estimated Energy Use:

	Use [MBtu]
Heating	3.8
Cooling	1.2
Hot Water	4.3
Lights/Appliances	10.3
Service Charges	
Generation (e.g. Solar)	0.0
Total:	19.6

This home meets or exceeds the criteria of the following:



Home Feature Summary:

Home Type:	Apartment, end unit
Model:	Saint Elizabeth - Building Type 1C Model 4 1BR unit 1A 1st Floor
Community:	Saint Elizabeth Apartments
Conditioned Floor Area:	480 ft ²
Number of Bedrooms:	1
Primary Heating System:	Air Source Heat Pump • Electric • 8.5 HSPF
Primary Cooling System:	Air Source Heat Pump • Electric • 15 SEER
Primary Water Heating:	Residential Water Heater • Electric • 0.92 UEF
House Tightness:	5 ACH50
Ventilation:	40 CFM • 45 Watts
Duct Leakage to Outside:	4 CFM25 / 100 ft ²
Above Grade Walls:	R-13
Ceiling:	Adiabatic, R-15
Window Type:	U-Value: 0.3, SHGC: 0.27
Foundation Walls:	N/A
Framed Floor:	R-20

Rating Completed by:

Energy Rater: Stacey Smith
 RESNET ID: 2279319

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

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

Stacey Smith, Certified Energy Rater
 Digitally signed: 3/8/22 at 2:02 PM



Home Energy Rating Certificate

Projected Report

Rating Date: 2022-03-01
 Registry ID:
 Ekotrope ID: ILX9P45d

HERS® Index Score:

58

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

Annual Savings

\$878

*Relative to an average U.S. home

Home:
 1031 Fourqurean Lane
 Richmond, VA 23222

Builder:

Your Home's Estimated Energy Use:

	Use [MBtu]
Heating	5.1
Cooling	2.4
Hot Water	5.6
Lights/Appliances	13.4
Service Charges	
Generation (e.g. Solar)	0.0
Total:	26.5

This home meets or exceeds the criteria of the following:

Rating Completed by:

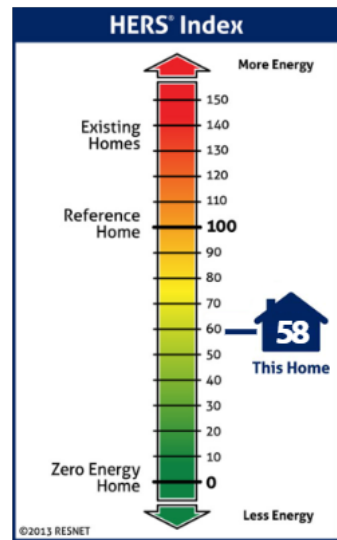
Energy Rater: Stacey Smith
 RESNET ID: 2279319

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

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



Stacey Smith, Certified Energy Rater
 Digitally signed: 3/8/22 at 2:02 PM



Home Feature Summary:

Home Type:	Apartment, end unit
Model:	Saint Elizabeth - Building Type 1C Model 4 2BR unit 2B
Community:	Saint Elizabeth Apartments
Conditioned Floor Area:	1,011 ft ²
Number of Bedrooms:	2
Primary Heating System:	Air Source Heat Pump • Electric • 8.5 HSPF
Primary Cooling System:	Air Source Heat Pump • Electric • 15 SEER
Primary Water Heating:	Residential Water Heater • Electric • 0.92 UEF
House Tightness:	5 ACH50
Ventilation:	40 CFM • 45 Watts
Duct Leakage to Outside:	4 CFM25 / 100 ft ²
Above Grade Walls:	R-13
Ceiling:	Attic, R-38
Window Type:	U-Value: 0.3, SHGC: 0.27
Foundation Walls:	N/A
Framed Floor:	R-15

Home Energy Rating Certificate

Projected Report

Rating Date: 2022-03-01

Registry ID:

Ekotrope ID: 3LM9NzeL

HERS® Index Score:

57

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

Annual Savings

\$734

*Relative to an average U.S. home

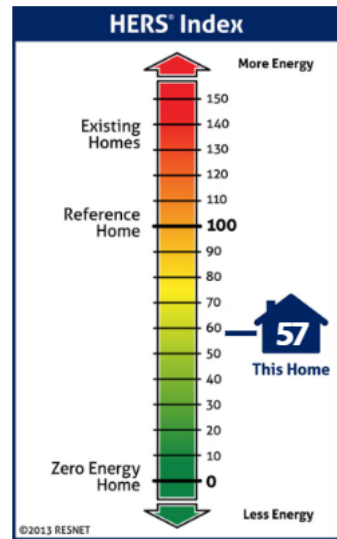
Home:
1031 Fourqurean Lane
Richmond, VA 23222

Builder:

Your Home's Estimated Energy Use:

	Use [MBtu]
Heating	2.9
Cooling	1.5
Hot Water	5.7
Lights/Appliances	11.8
Service Charges	
Generation (e.g. Solar)	0.0
Total:	21.9

This home meets or exceeds the criteria of the following:



Home Feature Summary:

Home Type:	Apartment, end unit
Model:	Saint Elizabeth - Building Type 2 Model 5 2BR 2G 2nd Fl
Community:	Saint Elizabeth Apartments
Conditioned Floor Area:	683 ft ²
Number of Bedrooms:	2
Primary Heating System:	Air Source Heat Pump • Electric • 8.5 HSPF
Primary Cooling System:	Air Source Heat Pump • Electric • 15 SEER
Primary Water Heating:	Residential Water Heater • Electric • 0.92 UEF
House Tightness:	5 ACH50
Ventilation:	40 CFM • 45 Watts
Duct Leakage to Outside:	4 CFM25 / 100 ft ²
Above Grade Walls:	R-13
Ceiling:	Attic, R-38
Window Type:	U-Value: 0.3, SHGC: 0.27
Foundation Walls:	N/A
Framed Floor:	R-15

Rating Completed by:

Energy Rater: Stacey Smith
RESNET ID: 2279319

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

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


Stacey Smith, Certified Energy Rater
Digitally signed: 3/8/22 at 2:02 PM



Home Energy Rating Certificate

Projected Report

Rating Date: 2022-03-01

Registry ID:

Ekotrope ID: Kvp3E57d

HERS® Index Score:

54

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

Annual Savings

\$890

*Relative to an average U.S. home

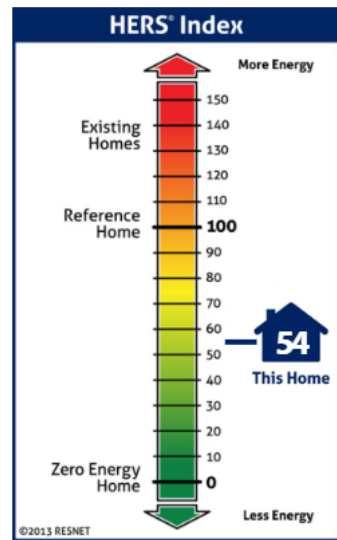
Home:
1031 Fourqurean Lane
Richmond, VA 23222

Builder:

Your Home's Estimated Energy Use:

	Use [MBtu]
Heating	4.4
Cooling	1.9
Hot Water	6.3
Lights/Appliances	12.7
Service Charges	
Generation (e.g. Solar)	0.0
Total:	25.3

This home meets or exceeds the criteria of the following:



Home Feature Summary:

Home Type:	Apartment, end unit
Model:	Saint Elizabeth - Building Type 2 Model 5 2BR unit 2E 3rd Fl
Community:	Saint Elizabeth Apartments
Conditioned Floor Area:	883 ft ²
Number of Bedrooms:	2
Primary Heating System:	Air Source Heat Pump • Electric • 8.5 HSPF
Primary Cooling System:	Air Source Heat Pump • Electric • 15 SEER
Primary Water Heating:	Residential Water Heater • Electric • 0.92 UEF
House Tightness:	5 ACH50
Ventilation:	40 CFM • 45 Watts
Duct Leakage to Outside:	4 CFM25 / 100 ft ²
Above Grade Walls:	R-21
Ceiling:	Attic, R-38
Window Type:	U-Value: 0.3, SHGC: 0.27
Foundation Walls:	N/A
Framed Floor:	R-15

Rating Completed by:

Energy Rater: Stacey Smith
RESNET ID: 2279319

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

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

Stacey Smith, Certified Energy Rater
Digitally signed: 3/8/22 at 2:02 PM



Home Energy Rating Certificate

Projected Report

Rating Date: 2022-03-01
 Registry ID:
 Ekotrope ID: wdkoEw3d

HERS® Index Score:

58

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

Annual Savings

\$1,086

*Relative to an average U.S. home

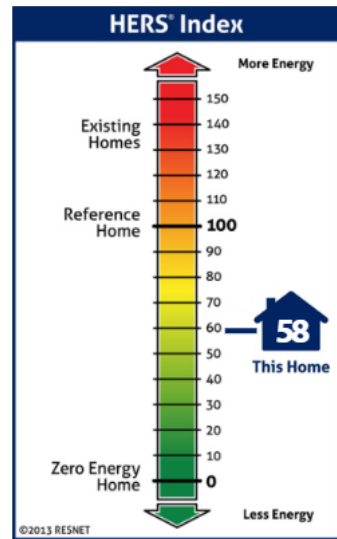
Home:
 1031 Fourqurean Lane
 Richmond, VA 23222

Builder:

Your Home's Estimated Energy Use:

	Use [MBtu]
Heating	8.8
Cooling	2.6
Hot Water	6.8
Lights/Appliances	15.7
Service Charges	
Generation (e.g. Solar)	0.0
Total:	33.9

This home meets or exceeds the criteria of the following:



Home Feature Summary:

Home Type:	Apartment, end unit
Model:	Saint Elizabeth - Building Type 2 Model 5 3BR unit 3A 1st Floor
Community:	Saint Elizabeth Apartments
Conditioned Floor Area:	1,350 ft ²
Number of Bedrooms:	3
Primary Heating System:	Air Source Heat Pump • Electric • 8.5 HSPF
Primary Cooling System:	Air Source Heat Pump • Electric • 15 SEER
Primary Water Heating:	Residential Water Heater • Electric • 0.92 UEF
House Tightness:	5 ACH50
Ventilation:	40 CFM • 45 Watts
Duct Leakage to Outside:	4 CFM25 / 100 ft ²
Above Grade Walls:	R-13
Ceiling:	Adiabatic, R-15
Window Type:	U-Value: 0.3, SHGC: 0.27
Foundation Walls:	N/A
Framed Floor:	R-20

Rating Completed by:

Energy Rater: Stacey Smith
 RESNET ID: 2279319

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

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


 Stacey Smith, Certified Energy Rater
 Digitally signed: 3/8/22 at 2:02 PM



Home Energy Rating Certificate

Projected Report

Rating Date: 2022-03-01
 Registry ID:
 Ekotrope ID: YLeVwnOd

HERS® Index Score:

59

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

Annual Savings

\$733

*Relative to an average U.S. home

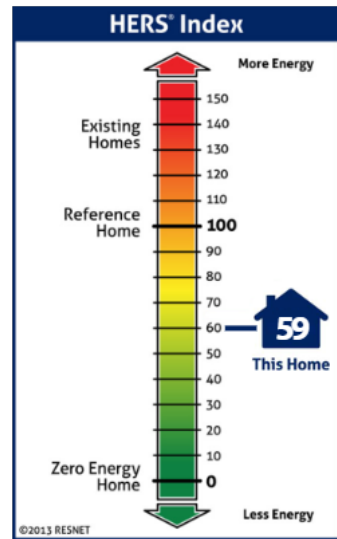
Home:
 1031 Fourqurean Lane
 Richmond, VA 23222

Builder:

Your Home's Estimated Energy Use:

	Use [MBtu]
Heating	3.7
Cooling	1.8
Hot Water	5.7
Lights/Appliances	11.8
Service Charges	
Generation (e.g. Solar)	0.0
Total:	23.1

This home meets or exceeds the criteria of the following:



Home Feature Summary:

Home Type:	Apartment, end unit
Model:	Building Type 1A Model 1 2BR 2F 2nd Floor
Community:	Saint Elizabeth Apartments
Conditioned Floor Area:	691 ft ²
Number of Bedrooms:	2
Primary Heating System:	Air Source Heat Pump • Electric • 8.5 HSPF
Primary Cooling System:	Air Source Heat Pump • Electric • 15 SEER
Primary Water Heating:	Residential Water Heater • Electric • 0.92 UEF
House Tightness:	5 ACH50
Ventilation:	40 CFM • 45 Watts
Duct Leakage to Outside:	4 CFM25 / 100 ft ²
Above Grade Walls:	R-13
Ceiling:	Attic, R-38
Window Type:	U-Value: 0.3, SHGC: 0.27
Foundation Walls:	N/A
Framed Floor:	R-15

Rating Completed by:

Energy Rater: Stacey Smith
 RESNET ID: 2279319

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

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

Stacey Smith, Certified Energy Rater
 Digitally signed: 3/8/22 at 2:02 PM



Home Energy Rating Certificate

Projected Report

Rating Date: 2022-03-01

Registry ID:

Ekotrope ID: VvnVaVVv

HERS® Index Score:

54

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

Annual Savings

\$803

*Relative to an average U.S. home

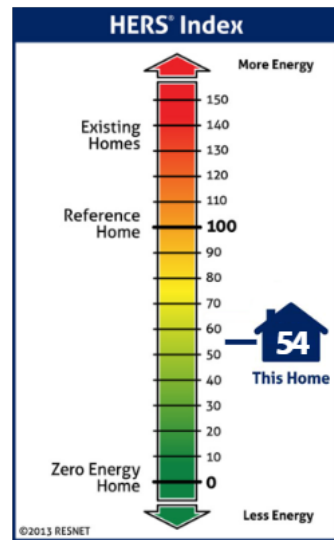
Home:
1031 Fourqurean Lane
Richmond, VA 23222

Builder:

Your Home's Estimated Energy Use:

	Use [MBtu]
Heating	3.8
Cooling	1.7
Hot Water	6.4
Lights/Appliances	11.9
Service Charges	
Generation (e.g. Solar)	0.0
Total:	23.7

This home meets or exceeds the criteria of the following:



Home Feature Summary:

Home Type:	Apartment, end unit
Model:	Building Type 1A Model 1 2BR 2C 3rd Floor
Community:	Saint Elizabeth Apartments
Conditioned Floor Area:	698 ft ²
Number of Bedrooms:	2
Primary Heating System:	Air Source Heat Pump • Electric • 8.5 HSPF
Primary Cooling System:	Air Source Heat Pump • Electric • 15 SEER
Primary Water Heating:	Residential Water Heater • Electric • 0.92 UEF
House Tightness:	5 ACH50
Ventilation:	40 CFM • 45 Watts
Duct Leakage to Outside:	4 CFM25 / 100 ft ²
Above Grade Walls:	R-21
Ceiling:	Attic, R-38
Window Type:	U-Value: 0.3, SHGC: 0.27
Foundation Walls:	N/A
Framed Floor:	R-15

Rating Completed by:

Energy Rater: Stacey Smith
RESNET ID: 2279319

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

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

Stacey Smith, Certified Energy Rater
Digitally signed: 3/8/22 at 2:02 PM



Home Energy Rating Certificate

Projected Report

Rating Date: 2022-03-01
 Registry ID:
 Ekotrope ID: MvDD16jv

HERS® Index Score:

59

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

Annual Savings

\$969

*Relative to an average U.S. home

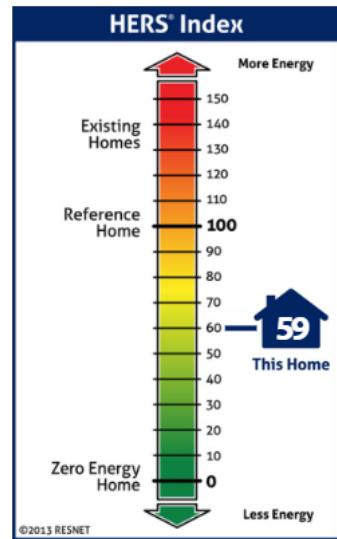
Home:
 1031 Fourquarean Lane
 Richmond, VA 23222

Builder:

Your Home's Estimated Energy Use:

	Use [MBtu]
Heating	7.1
Cooling	2.4
Hot Water	7.1
Lights/Appliances	14.6
Service Charges	
Generation (e.g. Solar)	0.0
Total:	31.2

This home meets or exceeds the criteria of the following:



Home Feature Summary:

Home Type:	Apartment, end unit
Model:	Building Type 1A Model 1 3BR 1st Floor
Community:	Saint Elizabeth Apartments
Conditioned Floor Area:	1,094 ft ²
Number of Bedrooms:	3
Primary Heating System:	Air Source Heat Pump • Electric • 8.5 HSPF
Primary Cooling System:	Air Source Heat Pump • Electric • 15 SEER
Primary Water Heating:	Residential Water Heater • Electric • 0.92 UEF
House Tightness:	5 ACH50
Ventilation:	40 CFM • 45 Watts
Duct Leakage to Outside:	4 CFM25 / 100 ft ²
Above Grade Walls:	R-13
Ceiling:	Adiabatic, R-15
Window Type:	U-Value: 0.3, SHGC: 0.27
Foundation Walls:	N/A
Framed Floor:	R-20

Rating Completed by:

Energy Rater: Stacey Smith
 RESNET ID: 2279319

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

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


 Stacey Smith, Certified Energy Rater
 Digitally signed: 3/8/22 at 2:02 PM



Home Energy Rating Certificate

Projected Report

Rating Date: 2022-03-01
 Registry ID:
 Ekotrope ID: bL7wGm1L

HERS® Index Score:

61

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

Annual Savings

\$482

*Relative to an average U.S. home

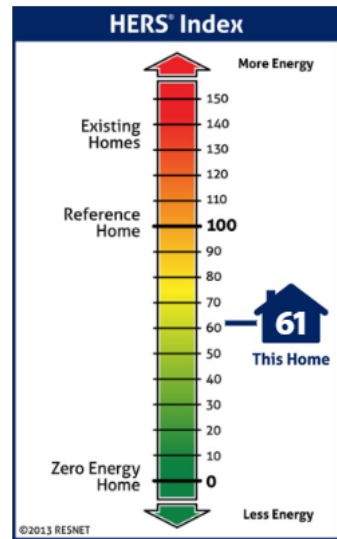
Home:
 1031 Fourquarean Lane
 Richmond, VA 23222

Builder:

Your Home's Estimated Energy Use:

	Use [MBtu]
Heating	1.6
Cooling	1.0
Hot Water	4.3
Lights/Appliances	9.7
Service Charges	
Generation (e.g. Solar)	0.0
Total:	16.6

This home meets or exceeds the criteria of the following:



Home Feature Summary:

Home Type:	Apartment, end unit
Model:	Building Type 1A Model 1 Studio SR 2nd Floor
Community:	Saint Elizabeth Apartments
Conditioned Floor Area:	333 ft ²
Number of Bedrooms:	1
Primary Heating System:	Air Source Heat Pump • Electric • 8.5 HSPF
Primary Cooling System:	Air Source Heat Pump • Electric • 15 SEER
Primary Water Heating:	Residential Water Heater • Electric • 0.92 UEF
House Tightness:	5 ACH50
Ventilation:	40 CFM • 45 Watts
Duct Leakage to Outside:	4 CFM25 / 100 ft ²
Above Grade Walls:	R-13
Ceiling:	Attic, R-38
Window Type:	U-Value: 0.3, SHGC: 0.27
Foundation Walls:	N/A
Framed Floor:	R-15

Rating Completed by:

Energy Rater: Stacey Smith
 RESNET ID: 2279319

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

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

Stacey Smith, Certified Energy Rater
 Digitally signed: 3/8/22 at 2:02 PM



Home Energy Rating Certificate

Projected Report

Rating Date: 2022-03-01
 Registry ID:
 Ekotrope ID: kvyyE7gv

HERS® Index Score:

59

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

Annual Savings

\$743

*Relative to an average U.S. home

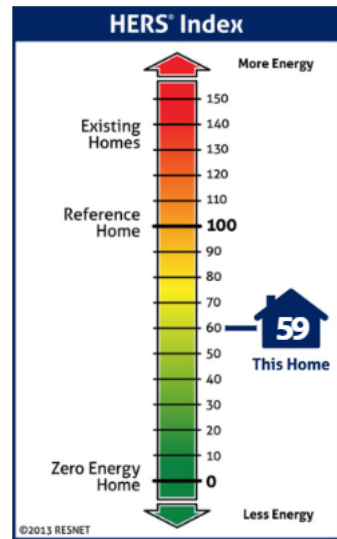
Home:
 1031 Fourqurean Lane
 Richmond, VA 23222

Builder:

Your Home's Estimated Energy Use:

	Use [MBtu]
Heating	4.5
Cooling	1.7
Hot Water	5.5
Lights/Appliances	11.8
Service Charges	
Generation (e.g. Solar)	0.0
Total:	23.6

This home meets or exceeds the criteria of the following:



Home Feature Summary:

Home Type:	Apartment, end unit
Model:	Building Type 1B Model 2 2BR 2A First Floor
Community:	Saint Elizabeth Apartments
Conditioned Floor Area:	687 ft ²
Number of Bedrooms:	2
Primary Heating System:	Air Source Heat Pump • Electric • 8.5 HSPF
Primary Cooling System:	Air Source Heat Pump • Electric • 15 SEER
Primary Water Heating:	Residential Water Heater • Electric • 0.92 UEF
House Tightness:	5 ACH50
Ventilation:	40 CFM • 45 Watts
Duct Leakage to Outside:	4 CFM25 / 100 ft ²
Above Grade Walls:	R-13
Ceiling:	Adiabatic, R-15
Window Type:	U-Value: 0.3, SHGC: 0.27
Foundation Walls:	N/A
Framed Floor:	R-20

Rating Completed by:

Energy Rater: Stacey Smith
 RESNET ID: 2279319

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

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

Stacey Smith, Certified Energy Rater
 Digitally signed: 3/8/22 at 2:02 PM



Home Energy Rating Certificate

Projected Report

Rating Date: 2022-03-01
 Registry ID:
 Ekotrope ID: ILX9P36d

HERS® Index Score:

63

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

Annual Savings

\$528

*Relative to an average U.S. home

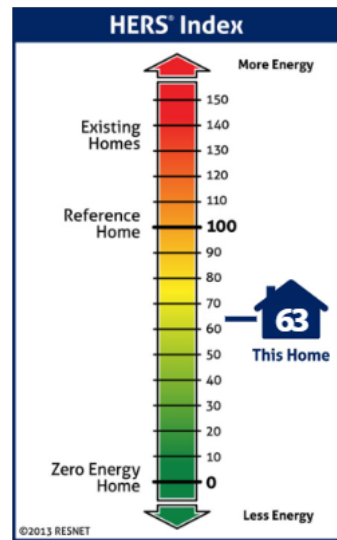
Home:
 1031 Fourqurean Lane
 Richmond, VA 23222

Builder:

Your Home's Estimated Energy Use:

	Use [MBtu]
Heating	3.5
Cooling	1.2
Hot Water	4.3
Lights/Appliances	10.0
Service Charges	
Generation (e.g. Solar)	0.0
Total:	19.0

This home meets or exceeds the criteria of the following:



Home Feature Summary:

Home Type:	Apartment, end unit
Model:	Building Type 1B Model 2 1BR 1F First Floor
Community:	Saint Elizabeth Apartments
Conditioned Floor Area:	411 ft ²
Number of Bedrooms:	1
Primary Heating System:	Air Source Heat Pump • Electric • 8.5 HSPF
Primary Cooling System:	Air Source Heat Pump • Electric • 15 SEER
Primary Water Heating:	Residential Water Heater • Electric • 0.92 UEF
House Tightness:	5 ACH50
Ventilation:	40 CFM • 45 Watts
Duct Leakage to Outside:	4 CFM25 / 100 ft ²
Above Grade Walls:	R-13
Ceiling:	Adiabatic, R-15
Window Type:	U-Value: 0.3, SHGC: 0.27
Foundation Walls:	N/A
Framed Floor:	R-20

Rating Completed by:

Energy Rater: Stacey Smith
 RESNET ID: 2279319

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

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

Stacey Smith, Certified Energy Rater
 Digitally signed: 3/8/22 at 2:02 PM





viridiant

Project Name: Saint Elizabeth
Construction Type: New Construction
Energy Efficiency Path: Energy Star

Unit Type	Quantity	HERS	ENERGY STAR Target
3BR Unit 3S	2	59	68
2BR Unit 2F, 2R	4	59	75
Studio Unit SR	2	61	73
2BR Unit 2C, 2D, 2J	10	54	73
1BR Unit 1F	6	63	70
2BR Unit 2A	6	59	68
3BR Unit 3R	6	56	76
2BR Unit 2B	2	58	76
3BR Unit 3A	4	58	68
1BR Unit 1A	2	62	70
2BR Unit 2E	4	54	74
2BR Unit 2G, 2H	8	57	75
Projected Project HERS - Weighted Average		58	

Tab G:

Zoning Certification Letter (MANDATORY)



CITY OF RICHMOND

DEPARTMENT OF
PLANNING AND DEVELOPMENT REVIEW
ZONING ADMINISTRATION

Zoning Certification

DATE: March 2, 2022

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

RE: ZONING CERTIFICATION

Name of Development: Saint Elizabeth Apartments

Name of Owner/Applicant: Saint Elizabeth Apartments LLC

Name of Seller/Current Owner: Catholic Diocese of Richmond

The above-referenced Owner/Applicant has asked this office to complete this form letter regarding the zoning of the proposed Development (more fully described below). This certification is rendered solely for the purpose of confirming proper zoning for the site of the Development. It is understood that this letter will be used by the Virginia Housing Development Authority solely for the purpose of determining whether the Development qualifies for points available under VHDA's Qualified Allocation Plan for housing tax credits.

DEVELOPMENT DESCRIPTION:

Development Address:
1031 Fourquaren Lane, 1031 Fourquaren Lane, 1101 Fourquaren Lane, Richmond, VA 23222

Legal Description:
Parcel ID: N0000803002, N0000803063, N0000803004
See attached legal description.

Proposed Improvements:

<input checked="" type="checkbox"/> New Construction:	<u>58</u>	# Units	<u>14</u>	# Buildings	<u>52586</u>	Total Floor Area Sq. Ft.
<input type="checkbox"/> Adaptive Reuse:		# Units		# Buildings		Total Floor Area Sq. Ft.
<input type="checkbox"/> Rehabilitation:		# Units		# Buildings		Total Floor Area Sq. Ft.

Zoning Certification, cont'd

Current Zoning: Special Use Permit allowing a density of _____ units per acre, and the following other applicable conditions: _____


Other Descriptive Information:

On 3/8/2021, Richmond City Council approved a Special Use Permit for the Saint Elizabeth Apartments development, allowing for the construction of 14 residential buildings containing a total of 56 apartments, and one stand-alone community building.

LOCAL CERTIFICATION:

Check one of the following as appropriate:

- The zoning for the proposed development described above is proper for the proposed residential development. To the best of my knowledge, there are presently no zoning violations outstanding on this property. No further zoning approvals and/or special use permits are required.
- The development described above is an approved non-conforming use. To the best of my knowledge, there are presently no zoning violations outstanding on this property. No further zoning approvals and/or special use permits are required.


Signature

William C. Davidson
Printed Name

Zoning Administrator
Title of Local Official or Civil Engineer

804-646-6353
Phone:

March 2, 2022
Date:

NOTES TO LOCALITY:

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

Legal Description of Land Parcels
Saint Elizabeth Apartments

Parcel I - 1031 Rear Fourqorean Lane (N000-0803/063):

ALL that certain lot, piece or parcel of land lying and being in the City of Richmond, Virginia, and bounded and described as follows, to-wit:

Commencing at the intersection of the northwest line of East Fork Cannon's Branch with the eastern line of an alley 17.77 feet wide, thence N. 8 degrees 27' along said eastern line of said alley 33.49 feet; thence N. 36 degrees 30' 00" E. 318.71 feet to a point; thence N. 13 degrees 58' 00" E. 100.24 feet to a point; thence S. 54 degrees 02' 30" E. along the southern line of the Catholic Church Property 214.91 feet to the said northwestern line of East Fork Cannon's Branch, thence S. 55 degrees 46' 00" W. along the line of East Fork Cannon's Branch 463 feet to the point of beginning. Being the parcel of land marked "Reserved" on the Plat of Section 2, Green Park, Richmond, Virginia, dated February 19, 1951, made by W.W. LaPrade & Bros., Civil Engineers, Richmond, Va., and recorded in the Clerk's Office, Circuit Court, City of Richmond, Division I, Virginia, in Plat Book 12, Page 98.

BEING a portion of the same real estate conveyed to Francis X. DiLorenzo, Bishop of the Catholic Diocese of Richmond, Virginia, and his Successors in Office, by deed from Richmond Affordable Housing, a Virginia nonstock corporation, dated June 19, 2017, recorded June 29, 2017 in the Clerk's Office, Circuit Court, City of Richmond, Virginia as Instrument No. 170013446.

Parcel II - 1031 Fourqorean Lane (N000-0803/002):

ALL of that certain lot, piece or parcel of land, together with all improvements thereon and appurtenances thereto belonging, lying and being in the City of Richmond, Virginia, and being known and designated as 1031 Fourqorean Lane (formerly 925 Fourqorean Lane), all as more particularly shown on a certain "Plat of Property Situated on the Southern Line of Fourqorean Lane and East of Harold Avenue, Richmond, Virginia", by Chas. H. Fleet & Associates, Engineers & Surveyors, Richmond, VA., dated March 4, 1983, a copy of which is attached to and recorded with the Deed in Deed Book 17, Page 535.

BEING the same real estate conveyed to The Most Reverend Barry C. Knestout, Bishop of the Catholic Diocese of Richmond and His Successors in Office by deed from Chestnut Commons, LLC, dated January 11, 2018, recorded January 18, 2018 in the Clerk's Office, Circuit Court, City of Richmond, Virginia as Instrument No. 180001054.

Parcel III - 1101 Fourqorean Lane (N000-0803/004):

ALL that certain lot of land in the City of Richmond, Virginia, being Parcel No. 1 on a plat of survey dated May 19, 1942, made by W. W. LaPrade & Bros., Civil Engineers, attached to a certain deed recorded in the aforesaid Clerk's Office in Deed Book 432-A, page 287 and being described with reference to said plat as follows:

BEGINNING on the South line of Fourqorean's Lane at its intersection with the Western line of a 100 foot Street styled "East Park Cannon's Branch" on said plat, and running thence Westwardly along and

fronting 432.26 feet on the South Line of Fourquarean's Lane; thence running back Southwardly at right angle to said Lane 273 feet to a rod; thence in a Southeasterly direction 215.33 feet to a rod on the Northwesterly line of said 100 foot street; thence running in a Northeasterly direction along said 100 footstreet 429.21 feet to the point of beginning.

LESS and EXCEPT that parcel of land conveyed to Irene C. Pervall, et al, by deed dated September 10, 1984, recorded September 12, 1984 in the Clerk's Office, Circuit Court, City of Richmond, Virginia, in Deed Book 17, page 535, shown on a plat entitled "Plat of Property Situated on the Southern Line of Fourquarean Lane and East of Harold Avenue, Richmond, Va.", by Chas. H. Fleet & Assocs., Engineers & Surveyors, dated March 4, 1983, and attached to said deed.

BEING a portion of the same real estate conveyed to Francis X. DiLorenzo, Bishop of the Catholic Diocese of Richmond, Virginia, and his Successors in Office, by deed from Richmond Affordable Housing, a Virginia nonstock corporation, dated June 19, 2017, recorded June 29, 2017 in the Clerk's Office, Circuit Court, City of Richmond, Virginia as Instrument No. 170013446.

The Most Reverend Barry C. Knestout, Bishop of the Catholic Diocese of Richmond, Virginia, is the Successor in Office to Francis X. DiLorenzo.

INTRODUCED: February 8, 2021

AN ORDINANCE No. 2021-028

To authorize the special use of the properties known as 1031 Fourquaren Lane, 1031 Rear Fourquaren Lane, and 1101 Fourquaren Lane for the purpose of a multifamily development containing up to 56 dwelling units within up to 14 dwellings, community center, leasing office, open space, and a playground, upon certain terms and conditions.

Patron – Mayor Stoney (By Request)

Approved as to form and legality
by the City Attorney

PUBLIC HEARING: MAR 8 2021 AT 6 P.M.

WHEREAS, the owner of the property known as 1031 Fourquaren Lane, which is situated in a R-53 Multifamily Residential District, and the properties known as 1031 Rear Fourquaren Lane and 1101 Fourquaren Lane, which are situated in a R-5 Single-Family Residential District, desires to use such properties for the purpose of a multifamily development containing up to 56 dwelling units within up to 14 dwellings, community center, leasing office, open space, and a playground, which use, among other things, is not currently allowed by section 30-410.1 of the Code of the City of Richmond (2020), as amended; and

WHEREAS, in accordance with section 17.11 of the Charter of the City of Richmond (2020), as amended, it has been made to appear that, if granted subject to the terms and conditions

AYES: 9 NOES: 0 ABSTAIN: _____

ADOPTED: MAR 8 2021 REJECTED: _____ STRICKEN: _____

set forth in this ordinance, the special use granted by this ordinance will not be detrimental to the safety, health, morals and general welfare of the community involved, will not tend to create congestion in streets, roads, alleys and other public ways and places in the area involved, will not create hazards from fire, panic or other dangers, will not tend to overcrowding of land and cause an undue concentration of population, will not adversely affect or interfere with public or private schools, parks, playgrounds, water supplies, sewage disposal, transportation or other public requirements, conveniences and improvements, and will not interfere with adequate light and air; and

WHEREAS, (i) the City Planning Commission has conducted a public hearing to investigate the circumstances and conditions upon which the Council is empowered to authorize such use, (ii) the City Planning Commission has reported to the Council the results of such public hearing and investigation and its recommendations with respect thereto, and (iii) the Council has conducted a public hearing on this ordinance at which the person in interest and all other persons have had an opportunity to be heard;

NOW, THEREFORE,

THE CITY OF RICHMOND HEREBY ORDAINS:

§ 1. **Finding.** Pursuant to section 30-1050.1 of the Code of the City of Richmond (2020), as amended, the Council hereby finds that the special use set forth in and subject to the terms and conditions of this ordinance will not (i) be detrimental to the safety, health, morals and general welfare of the community involved, (ii) tend to create congestion in streets, roads, alleys and other public ways and places in the area involved, (iii) create hazards from fire, panic or other dangers, (iv) tend to overcrowding of land and cause an undue concentration of population, (v) adversely affect or interfere with public or private schools, parks, playgrounds, water supplies,

sewage disposal, transportation or other public requirements, conveniences and improvements, or (vi) interfere with adequate light and air.

§ 2. Grant of Special Use Permit.

(a) Subject to the terms and conditions set forth in this ordinance, the properties known as 1031 Fourquaren Lane, 1031 Rear Fourquaren Lane, and 1101 Fourquaren Lane and identified as Tax Parcel Nos. N000-0803/002, N000-0803/063, and N000-0803/004, respectively, in the 2021 records of the City Assessor, being more particularly shown on a survey entitled “ALTA/NSPS Land Title Survey of Four Parcels Lying Along Fourquaren Lane,” prepared by Timmons Group, and dated August 13, 2020, a copy of which is attached to and made a part of this ordinance, hereinafter referred to as “the Property,” is hereby permitted to be used for the purpose of a multifamily development containing up to 56 dwelling units within up to 14 dwellings, community center, leasing office, open space, and a playground, hereinafter referred to as “the Special Use,” substantially as shown on the plans entitled “St. Elizabeth’s Apartments, Gateway District - City of Richmond - Virginia,” prepared by Timmons Group, dated October 19, 2020, and last revised January 22, 2021, and “St. Elizabeth’s Apartments, Gateway District - City of Richmond, Virginia,” prepared by Baskervill, and dated October 19, 2020, hereinafter referred to, collectively, as “the Plans,” copies of which are attached to and made a part of this ordinance.

(b) The adoption of this ordinance shall constitute the issuance of a special use permit for the Property. The special use permit shall inure to the benefit of the owner or owners of the fee simple title to the Property as of the date on which this ordinance is adopted and their successors in fee simple title, all of which are hereinafter referred to as “the Owner.” The conditions contained in this ordinance shall be binding on the Owner.

§ 3. **Special Terms and Conditions.** This special use permit is conditioned on the following special terms and conditions:

(a) The Special Use of the Property shall be as a multifamily development containing up to 56 dwelling units within up to 14 dwellings, community center, leasing office, open space, and a playground, substantially as shown on the Plans.

(b) Seventy-six parking spaces shall be provided on the Property, substantially as shown on the Plans.

(c) All building materials, elevations, and site improvements shall be substantially as shown on the Plans. Siding shall consist of cementitious siding or brick.

(d) The height of the Special Use shall not exceed the height as shown on the Plans.

(e) All mechanical equipment and private refuse receptacles serving the Property shall be located or screened so as not to be visible from any public right-of-way.

(f) No fewer than 16 bicycle parking spaces shall be provided on the Property.

§ 4. **Supplemental Terms and Conditions.** This special use permit is conditioned on the following supplemental terms and conditions:

(a) All required final grading and drainage plans, together with all easements made necessary by such plans, must be approved by the Director of Public Utilities prior to the issuance of the building permit.

(b) Storm or surface water shall not be allowed to accumulate on the land. The Owner, at its sole cost and expense, shall provide and maintain at all times adequate facilities for the drainage of storm or surface water from the Property so as not to adversely affect or damage any other property or public streets and the use thereof.

(c) Facilities for the collection of refuse shall be provided in accordance with the requirements of the Director of Public Works. Such facilities shall be located or screened so as not to be visible from adjacent properties and public streets.

(d) Any encroachments existing, proposed on the Plans or contemplated in the future shall require separate authorization and shall be subject to the applicable provisions of the Code of the City of Richmond (2020), as amended, and all future amendments to such laws.

(e) The Owner shall make improvements within the right-of-way, including the installation of two entrances to Fourquare Lane and a new sidewalk along Fourquare Lane, which improvements may be completed in one or more phases as approved by the Director of Public Works. All improvements and work within the public right-of-way shall be (i) completed in accordance with the requirements of the Director of Public Works, (ii) considered completed only upon written confirmation by the Director of Public Works that such improvements and work are in accordance with such requirements, (iii) transferred to the City, following the written confirmation by the Director of Public Works, pursuant to a transfer of interest document approved as to form by the City Attorney and accepted by the Chief Administrative Officer or the designee thereof on behalf of the City. The Chief Administrative Officer or the designee thereof, for and on behalf of the City, is hereby authorized to accept, in the manner for which this subsection provides, all improvements and work required by and meeting the requirements of this subsection. The final certificate of occupancy shall not be issued for the Property until all requirements of this subsection are fully satisfied.

(f) In all other respects, the use of the Property shall be in accordance with the applicable underlying zoning regulations.

§ 5. **General Terms and Conditions.** This special use permit is conditioned on the following general terms and conditions:

(a) No permit implementing this special use permit shall be approved until satisfactory evidence has been presented to the Zoning Administrator that any delinquent real estate taxes applicable to the Property have been paid.

(b) The Owner shall be bound by, shall observe and shall comply with all other laws, ordinances, rules and regulations applicable to the Property, except as otherwise expressly provided in this ordinance.

(c) Words and phrases used in this ordinance shall be interpreted to have the meanings ascribed to them by section 30-1220 of the Code of the City of Richmond (2020), as amended, unless the context clearly indicates that a different meaning is intended.

(d) Notwithstanding any other provision of law, this special use permit is being approved due, in part, to the mitigating effects of each and every condition attached hereto; consequently, if any portion of this ordinance is determined to be invalid for any reason by a final, non-appealable order of any Virginia or federal court of competent jurisdiction, the invalidity shall cause the entire ordinance to be void and of no further effect from the effective date of such order.

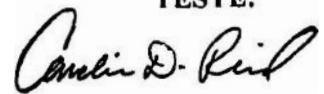
(e) The privileges granted by this ordinance may be revoked pursuant to the provisions of sections 30-1050.7 through 30-1050.11 of the Code of the City of Richmond (2020), as amended, and all future amendments to such laws. Failure to comply with the terms and conditions of this ordinance shall constitute a violation of section 30-1080 of the Code of the City of Richmond (2020), as amended, and all future amendments to such law, or any other applicable laws or regulations.

(f) When the privileges granted by this ordinance terminate and the special use permit granted hereby becomes null and void, whether as a result of the Owner relinquishing this special use permit in a writing addressed to the Director of Planning and Development Review or otherwise, use of the Property shall be governed thereafter by the zoning regulations prescribed for the district in which the Property is then situated.

§ 6. **Implementation.** The Commissioner of Buildings is authorized to issue a building permit substantially in accordance with the Plans for the Special Use subject to the terms and conditions set forth in this ordinance. An application for the building permit shall be made within 730 calendar days following the date on which this ordinance becomes effective. If either the application for the building permit is not made within the time period stated in the previous sentence or the building permit terminates under any provision of the Virginia Statewide Building Code, this ordinance and the special use permit granted hereby shall terminate and become null and void.

§ 7. **Effective Date.** This ordinance shall be in force and effect upon adoption.

A TRUE COPY:
TESTE:



City Clerk

City of Richmond

2021-227
900 East Broad Street
2nd Floor of City Hall
Richmond, VA 23219
www.rva.gov

Item Request File Number: PRE.2021.472

O & R Request

DATE: January 27, 2021

EDITION: 1

THROUGH: The Honorable Levar M. Stoney, Mayor (By Request)
(This in no way reflects a recommendation on behalf of the Mayor.)



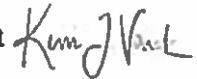
THROUGH: J.E. Lincoln Saunders, Acting Chief Administrative Officer

JELS

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



FROM: Kevin J. Vonck, Acting Director, Department of Planning and Development
Review



RE: To authorize the special use of the properties known as 1031 Fourquare Lane, 1031 Rear
Fourquare Lane, and 1101 Fourquare Lane for the purpose of a multifamily development
containing up to 56 dwelling units with off-street parking, upon certain terms and conditions.

ORD. OR RES. No. _____

PURPOSE: To authorize the special use of the properties known as 1031 Fourquare Lane, 1031 Rear
Fourquare Lane, and 1101 Fourquare Lane for the purpose of a multifamily development containing up to
56 dwelling units with off-street parking, upon certain terms and conditions.

REASON: The applicant is proposing to construct fifty-six (56) multi-family dwelling units within
fourteen (14) individual apartment buildings, a central leasing office/community building, and outdoor
recreational space on three contiguous properties located within the R-53 Multi-Family Residential and R-5
Single Family Residential Zoning Districts. The proposal is not a permitted use within the R-5 District. A
Special Use Permit is therefore required.

RECOMMENDATION: In accordance with the requirements of the City Charter and the Zoning
Ordinance, the City Planning Commission will review this request and make a recommendation to City
Council. This item will be scheduled for consideration by the Commission at its March 1, 2021 meeting.

BACKGROUND: The subject properties consist of three vacant parcels that, collectively, total approximately 3.6 acres. The property is a part of the Green Park neighborhood on Fourquaren Lane, between Harold and Second Avenues.

The City's Richmond 300 Master Plan designates a future land use for this property as Residential. Residential land uses are neighborhoods "...consisting primarily of single-family houses on large- or medium-sized lots more homogeneous in nature." The recommended development style for this use is housing "...on medium-sized and large-sized lots in a largely auto-dependent environment. Homes are setback from the street. Future developments continue and/or introduce a gridded street pattern to increase connectivity. Future single-family housing, accessory dwelling units, duplexes, and small multi-family residential buildings are built to a scale and design that is consistent with existing buildings. Bicycle and pedestrian access are prioritized and accommodated. Low residential density means that it is not possible to provide frequent transit within these areas; however, frequent transit may be found at the edges of these areas within more intense future land use designations. Many homes have driveways and/or garages, which are located off an alley behind the home if an alley is present. Buildings are generally one to three stories. Lot sizes generally range up to 5,000 to 20,000+ sq. ft. Residential density of 2 to 10 housing units per acre. Primary uses include single-family houses, accessory dwelling units, and open space. Secondary uses include duplexes and small multi-family buildings (typically 3-10 units), institutional, and cultural." (p. 54) The density of the project is proposed to be approximately 16 units per acre.

FISCAL IMPACT / COST: The Department of Planning and Development Review does not anticipate any impact to the City's budget for this or future fiscal years.

FISCAL IMPLICATIONS: Staff time for processing the request; preparation of draft ordinance; and publishing, mailing and posting of public notices.

BUDGET AMENDMENT NECESSARY: No

REVENUE TO CITY: \$2,400 application fee

DESIRED EFFECTIVE DATE: Upon adoption

REQUESTED INTRODUCTION DATE: February 8, 2021

CITY COUNCIL PUBLIC HEARING DATE: March 8, 2021

REQUESTED AGENDA: Consent

RECOMMENDED COUNCIL COMMITTEE: None

CONSIDERATION BY OTHER GOVERNMENTAL ENTITIES: City Planning Commission
March 1, 2021

AFFECTED AGENCIES: Office of Chief Administrative Officer
Law Department (for review of draft ordinance)

RELATIONSHIP TO EXISTING ORD. OR RES.: None

REQUIRED CHANGES TO WORK PROGRAM(S): None

ATTACHMENTS: Draft Ordinance, Application Form, Applicant's Report, Plans, Survey, Map

STAFF: Jonathan Brown, Senior Planner
Land Use Administration (Room 511) 646-5734



Application for **SPECIAL USE PERMIT**

Department of Planning and Development Review
Land Use Administration Division
900 E Broad Street, Room 511
Richmond, Virginia 23219
(804) 646-6304
<http://www.richmondgov.com/>

Application is hereby submitted for: (check one)

- special use permit, new**
- special use permit, plan amendment**
- special use permit, text only amendment**

Project Name/Location

Property Address: 1031; 1031 Rear; 1101 Fourquaren Lane Date: 11/2/20
 Tax Map #: See Applicant Report Fee: \$2,400
 Total area of affected site in acres: 3.596

(See **page 6** for fee schedule, please make check payable to the "City of Richmond")

Zoning

Current Zoning: R-53 (1031); R-5 (1031R; 1101)

Existing Use: Vacant Land

Proposed Use

(Please include a detailed description of the proposed use in the required applicant's report)

Multi-family housing

Existing Use: Vacant land

Is this property subject to any previous land use cases?

Yes

No

If Yes, please list the Ordinance Number: 2012-013-24

Applicant/Contact Person: Chris Yenson

Company: Commonwealth Catholic Charities Housing Corporation

Mailing Address: 1601 Rolling Hills Dr

City: Richmond State: VA Zip Code: 23228

Telephone: (804) 426-8122 Fax: (804) 823-9338

Email: chris.yenson@cccovva.org

Property Owner: Catholic Diocese of Richmond

If Business Entity, name and title of authorized signee: Charles D. Mikell, Director of Real Estate

(The person or persons executing or attesting the execution of this Application on behalf of the Company certifies that he or she has or have been duly authorized and empowered to so execute or attest)

Mailing Address: 7800Carousel Lane

City: Richmond State: Va Zip Code: 23294

Telephone: (804) 622-5255 Fax: ()

Email: cmikell@richmonddiocese.org

Property Owner Signature: Charles D. Mikelle

The names, addresses, telephone numbers and signatures of all owners of the property are required. Please attach additional sheets as needed. If a legal representative signs for a property owner, please attach an executed power of attorney. **Faxed or photocopied signatures will not be accepted.**

NOTE: Please attach the required plans, checklist, and a check for the application fee (see Filing Procedures for special use permits)



**Applicant Report
Special Use Permit
1031; 1031R; 1101 Fourquare Lane
Richmond, VA 23222**

**Submitted by: Commonwealth Catholic Charities Housing Corporation
Chris Yenson, Director of Housing
1601 Rolling Hills Drive
Richmond, VA 23229**

Introduction

Commonwealth Catholic Charities Housing Corporation is proposing to redevelop the former St. Elizabeth's Elementary School site located in Richmond's Green Park neighborhood. The school building located at 1031 Fourquare Lane was demolished in 2016. The school site, along with the adjacent lots (1031R, 1101 Fourquare Lane,) have been vacant for more than 30 years. The proposed redevelopment of the St. Elizabeth's site is in alignment with ongoing development throughout the neighborhood and nearby Brookland Park Boulevard corridor. To the south of the site, Dove Court has been redeveloped into a new rental community, Highland Grove. Additionally, plans are in development to build a new subdivision with single family housing on the former armory site to the south. To the north, Highland Park Senior Apartments now occupy a former vacant school building, and the same developer has a 76-unit apartment complex in development on Brookland Park Boulevard.

Commonwealth Catholic Charities Housing Corporation is proposing to redevelop the site into a new multifamily residential community on approximately 3.6 acres of land on Fourquare Lane. The site includes the following parcels:

1031 Fourquare Lane; N0000803002; The Catholic Diocese of Richmond is the owner; CCCHC has an option to lease.

1031 Rear Fourquare Lane; N0000803063; The Catholic Diocese of Richmond is the owner; CCCHC has an option to lease.

1101 Fourquare Lane; N0000803004; The Catholic Diocese of Richmond is the owner CCCHC has an option to lease.

Commonwealth Catholic Charities Housing Corporation is requesting a Special Use Permit (SUP) to permit the construction of multifamily residences and on-site parking. The requested SUP is in

alignment with redevelopment occurring in this part of the City and will facilitate the return of vacant land to productive use and the development of much-needed housing units.

Current Conditions

The property is in the Green Park neighborhood on Fourquare Lane. Green Park is bounded by East Brookland Park Boulevard to the north, Richmond-Henrico Turnpike to the west, Dove Street to the south, and 2nd Street to the east. The property was the site of the St. Elizabeth's Catholic School, demolished in 2016. The site is currently vacant land. The primary parcel, 1031 Fourquare Lane, is 2.2 acres and currently zoned R-53. The adjacent parcels, 1031R and 1101 Fourquare Lane, are zoned R-5.

The neighborhood is characterized by single family homes with a range of architectural styles, from cape cods to larger foursquares and Victorians. Institutional buildings like Hotchkiss Community Center and Overby-Sheppard Elementary School provide educational and recreational opportunities. Two blocks to the north is Six Points, a commercial hub at the intersection of Brookland Park Boulevard, 2nd Ave, Dill Ave, and Meadowbridge Road. The revitalization of Six Points can be credited, in part, to the work of Storefront for Community Design and the 6-PIC innovation center. Storefront for Community Design has also played a vital role in the design and community outreach processes of this proposed development.

The eastern side of the site is home to St. Elizabeth's Catholic Church, located on the corner of Fourquare Lane and 2nd Avenue.

Proposal

The proposed development includes the construction of 14 manor-style apartment buildings, a central leasing office and community building, and outdoor recreational space. Each 3-story building will consist of 4 individual units; the development will not exceed 56 total units with a mix of one, two, and three-bedroom apartments. The site will contain 76 new parking spaces for apartment residents and guests, 1.357 spaces per unit. All existing parking used by St. Elizabeth's Parish will be preserved. The development will be centered around a promenade which will feature a park garden, trees, plantings, and seating. The proposed landscape and lighting plan is attached.

The proposal was developed with input from a variety of community organizations throughout 2019 and 2020. Parish leadership from St. Elizabeth's Church has been engaged and instrumental throughout the formulation of the redevelopment plan. Additionally, the Green Park Civic Association, Highland Park Quality of Life, and 5th Street Baptist Church have been engaged during the planning process.

Findings of Fact

The proposed Special Use Permit:

Will not be detrimental to the health, safety, morals, and general welfare of the Green Park community.

The proposed SUP will allow for the development of much-needed safe, decent, affordable housing. The inclusion of first floor accessible units will allow longtime residents to remain in the community and age in place, and new residents will add to the vibrancy of the community and increase the safety for surrounding neighbors. Furthermore, development on the site will increase the City's tax base.

Will not create congestion in streets, roads, alleys, and other public ways and places.

On-site parking will provide sufficient parking for residents and will not impede local traffic. Additionally, all existing parking presently located on 1101 Fourqurean Lane will remain for exclusive use by the St. Elizabeth's Parish.

Will not create hazards from fire, panic, or other dangers.

The proposed development's site plan has been designed to accommodate site access and infrastructure for fire department and emergency personnel.

Will not overcrowd the land and cause undue congestion.

The proposed project includes 1.357 parking spaces per unit and will adequately serve the residents. The proposed development is designed in a manor house style to preserve open space and blend in with the character of the neighborhood.

Will not adversely affect or interfere with public or private schools, parks, playground, water supply, sewage disposal, transportation or other public requirements, conveniences, and improvements.

The proposed development represents new investment in a neighborhood that has been underserved for decades and will bring new resident to the area. Existing transportation and utility infrastructure are in place and sufficient for the new development.

Will not interfere with adequate light and air.

The proposed development will have adequate light and air and will not adversely affect light and air for the existing neighborhood.



THIS DRAWING PREPARED AT THE
 1800 Boulevard Parkway, Suite 200
 17010-1000, Richmond, VA 23229
 TEL: 804-788-0000 FAX: 804-788-1010 WWW: JTBENGINEERING.COM

YOUR BEST SOURCE FOR MODERN
 DATE: 12/22/2021
 DRAWN BY: JTB ENGINEERING
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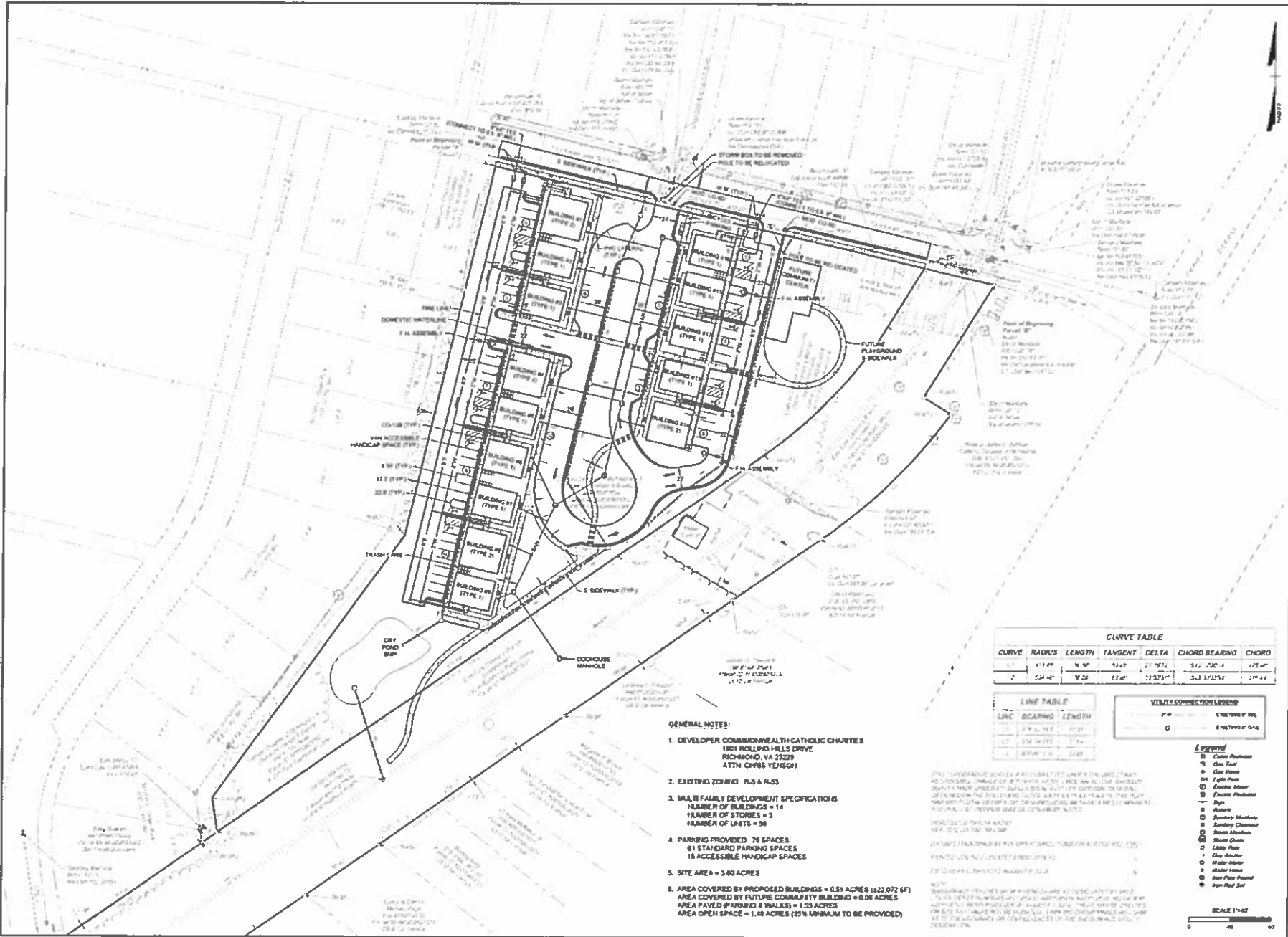
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TIMMONS GROUP

ST. ELIZABETH'S APARTMENTS GATEWAY DISTRICT - CITY OF RICHMOND - VIRGINIA SITE PLAN LAYOUT



GENERAL NOTES:

1. DEVELOPER COMMONWEALTH CATHOLIC CHARITIES
 1851 ROLLING HILLS DRIVE
 RICHMOND, VA 23229
 ATTN: CHRIS YEASON
2. EXISTING ZONING: R-5 & R-5.5
3. MULTI-FAMILY DEVELOPMENT SPECIFICATIONS
 NUMBER OF BUILDINGS = 14
 NUMBER OF STORES = 3
 NUMBER OF UNITS = 58
4. PARKING PROVIDED: 78 SPACES
 61 STANDARD PARKING SPACES
 15 ACCESSIBLE HANDICAP SPACES
5. SITE AREA = 3.80 ACRES
6. AREA COVERED BY PROPOSED BUILDINGS = 0.51 ACRES (132,072 SF)
 AREA COVERED BY FUTURE COMMUNITY BUILDING = 0.08 ACRES
 AREA PAVED (PARKING & WALKS) = 1.55 ACRES
 AREA OPEN SPACE = 1.69 ACRES (35% MINIMUM TO BE PROVIDED)

CURVE	RADIUS	LENGTH	TANGENT	DELTA	CHORD BEARING	CHORD
1	471.4'	14.4'	14.4'	175.1'	S 41.7° E	175.4'
2	524.4'	19.2'	19.2'	152.7'	S 37.5° E	153.1'

LINE	BEARING	LENGTH
1	S 41.7° E	14.4'
2	S 37.5° E	19.2'
3	N 71.8° W	33.6'

Symbol	Description
○	4" GAS 15' DIA.
○	8" WATER 15' DIA.
○	6" ELECTRIC 15' DIA.
○	12" SEWER 15' DIA.

- ### Legend
- Curb Profile
 - Gas Valve
 - Gas Meter
 - Light Pole
 - Electric Meter
 - Electric Pole
 - Sign
 - Access
 - Sanitary Manhole
 - Sanitary Chamber
 - Storm Manhole
 - Storm Chamber
 - Utility Pole
 - Guy Anchor
 - Water Meter
 - Water Valve
 - Sewer Pipe Manhole
 - Sewer Pipe Tee





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DATE: 11/15/2017
 DRAWN BY: J. J. JONES
 CHECKED BY: J. J. JONES
 SCALE: 1" = 40'

PROJECT: ST. ELIZABETH'S APARTMENTS
 LOCATION: 1801 ROLLING HILLS DRIVE, RICHMOND, VA 23228
 CLIENT: COMMONWEALTH CATHOLIC CHARITIES

DESIGNED BY: J. J. JONES
 DRAWING NO.: 17-001

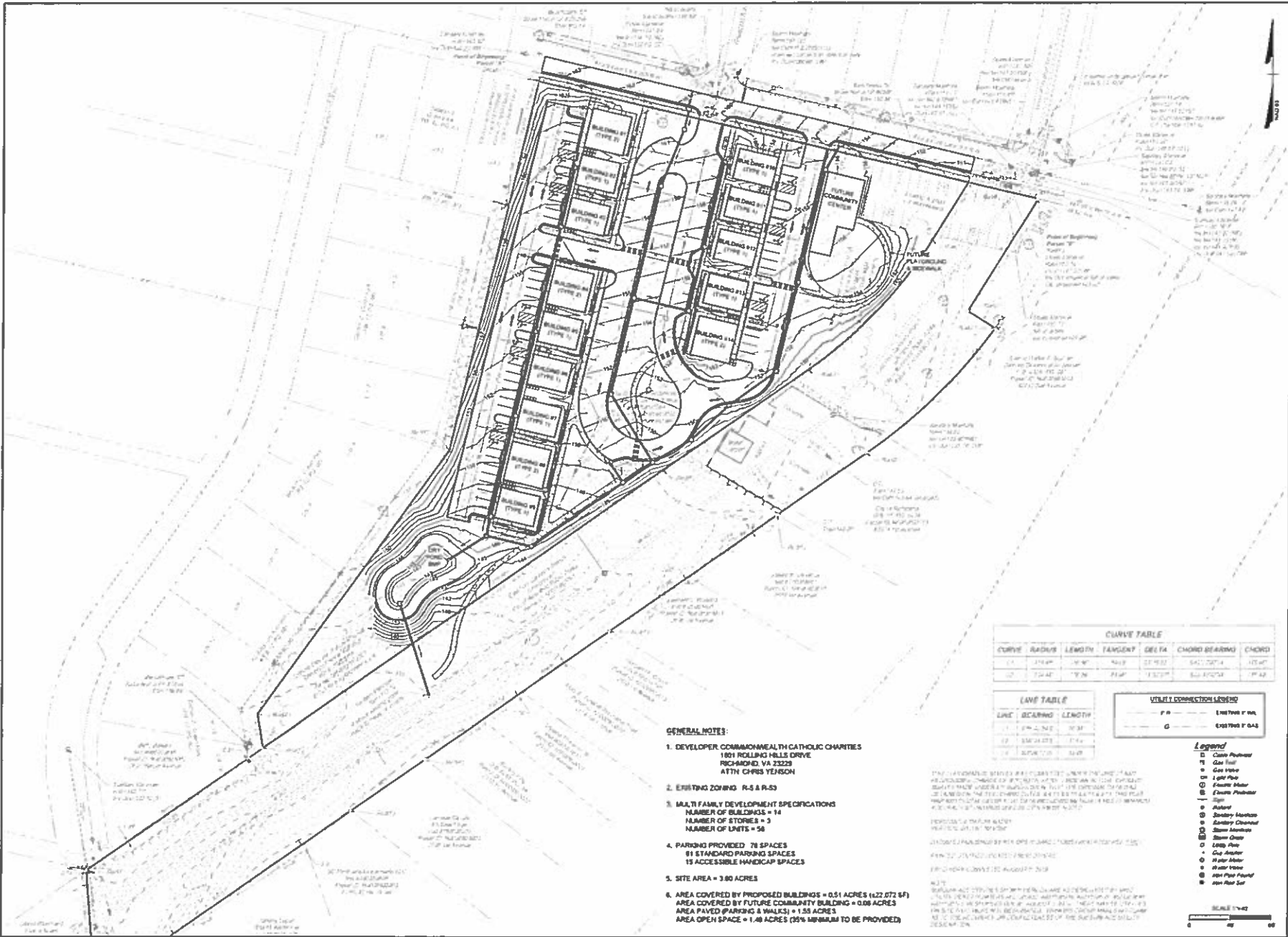
ST. ELIZABETH'S APARTMENTS
 GATEWAY DISTRICT - CITY OF RICHMOND - VIRGINIA
 GRADING & DRAINAGE PLAN

DATE: 11/15/2017
 DRAWN BY: J. J. JONES
 CHECKED BY: J. J. JONES
 SCALE: 1" = 40'

PROJECT: ST. ELIZABETH'S APARTMENTS
 LOCATION: 1801 ROLLING HILLS DRIVE, RICHMOND, VA 23228
 CLIENT: COMMONWEALTH CATHOLIC CHARITIES

DESIGNED BY: J. J. JONES
 DRAWING NO.: 17-001

DATE: 11/15/2017
 DRAWN BY: J. J. JONES
 CHECKED BY: J. J. JONES
 SCALE: 1" = 40'



- GENERAL NOTES:**
- DEVELOPER COMMONWEALTH CATHOLIC CHARITIES
1801 ROLLING HILLS DRIVE
RICHMOND, VA 23228
ATTN: CHRIS YENSON
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AREA COVERED BY FUTURE COMMUNITY BUILDING = 0.08 ACRES
AREA PAVED (PARKING & WALKS) = 1.55 ACRES
AREA OPEN SPACE = 1.66 ACRES (35% MINIMUM TO BE PROVIDED)

CURVE TABLE

CURVE	RADIUS	LENGTH	TANGENT	DELTA	CHORD BEARING	CHORD
1	174.42'	107.31'	144.00'	34.72°	S42.10°E	175.40'
2	174.42'	107.31'	144.00'	34.72°	S42.10°W	175.40'

LINE TABLE

LINE	BEARING	LENGTH
1	S17.14°E	107.31'
2	S68.24°E	107.31'
3	S17.14°W	107.31'



- Legend**
- Chain Pole
 - Gas Pole
 - Gas Valve
 - Light Pole
 - Electric Meter
 - Electric Pole
 - Sign
 - Street
 - Sanitary Manhole
 - Sanitary Cleanout
 - Storm Manhole
 - Storm Cleanout
 - Utility Pole
 - Gas Meter
 - Water Meter
 - Water Pole
 - Sewer Pole
 - Sewer Manhole
 - Sewer Valve





THESE PLANS WERE PREPARED BY THE
 ENGINEER NAMED HEREON
 AND I AM A LICENSED PROFESSIONAL ENGINEER
 IN THE STATE OF VIRGINIA
 License No. 14022
 Expiration Date 1/12/2021

PROJECT LOCATION	THURMOND GOLF COURSE
DATE	02/22/21
SCALE	AS SHOWN
PROJECT NO.	181212001
DATE	02/22/21
SCALE	AS SHOWN
PROJECT NO.	181212001

TIMMONS GROUP

ST. ELIZABETH'S APARTMENTS
 GATEWAY DISTRICT - CITY OF RICHMOND - VIRGINIA

WATER SYSTEM HYDRAULIC ANALYSIS - DOMESTIC SYSTEM LAYOUT

DATE: 02/22/21
 SHEET NO: 46630
 SHEET OF: WM1.0



THIS DESIGN PREPARED BY THE
 CONSULTING ENGINEER AT THE
 1881 Boulevard Parkway, Suite 300 | Richmond, VA 23213
 TEL: 804.770.0800 FAX: 804.770.0801 E-MAIL: info@timmons.com

YOUR DESIGN REGISTERED THROUGH ENR'S
 ENGINEERING RECORDS

DATE
 10/13/2020
 DRAWN BY
 E. HARVEY
 CHECKED BY
 E. HARVEY
 SCALE
 N.T.S.

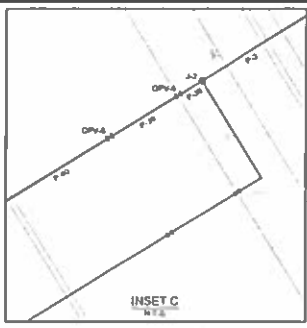
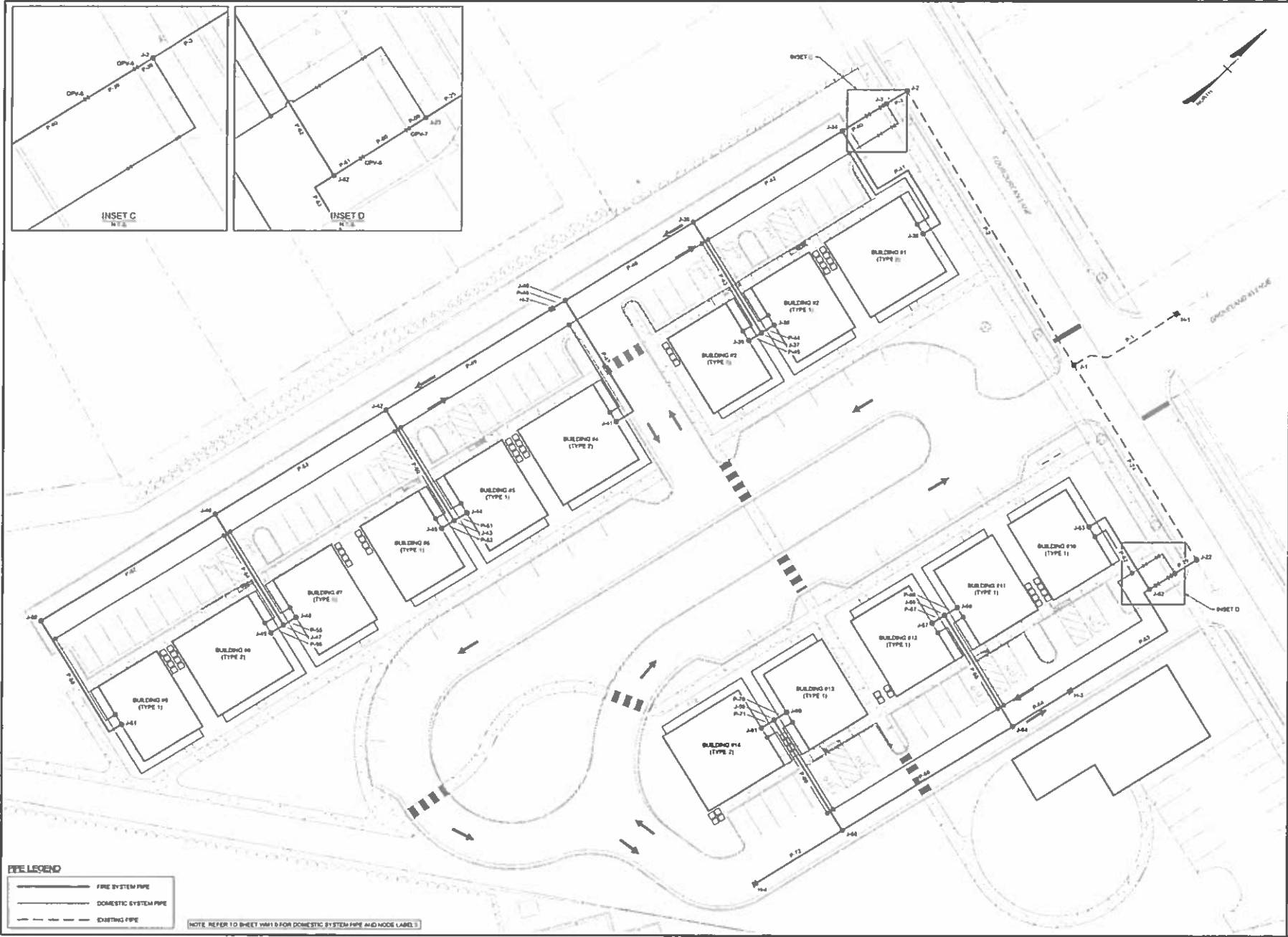
REVISION DESCRIPTION

DATE
 10/13/2020
 DRAWN BY
 E. HARVEY
 CHECKED BY
 E. HARVEY
 SCALE
 N.T.S.

TIMMONS GROUP

ST. ELIZABETH'S APARTMENTS
 GATEWAY DISTRICT - CITY OF RICHMOND - VIRGINIA
 WATER SYSTEM HYDRAULIC ANALYSIS - FIRE SYSTEM LAYOUT

JOB NO.
 46630
 SHEET NO.
 WH1.0



PIPE LEGEND

	FIRE SYSTEM PIPE
	DOMESTIC SYSTEM PIPE
	EXISTING PIPE

NOTE: REFER TO SHEET WH1.0 FOR DOMESTIC SYSTEM PIPE AND HOOD LABELS

10/13/2020 10:00 AM
 C:\Users\eharvey\OneDrive\Documents\46630\46630-WH1.0.dwg
 10/13/2020 10:00 AM
 E. HARVEY

1/8" = 1'-0" GRAPHIC SCALE



5C WEST ELEVATION - BUILDING TYPE 1A - MODEL 1
SCALE: 3/8" = 1'-0"

4C SOUTH ELEVATION - BUILDING TYPE 1A - MODEL 1
SCALE: 3/8" = 1'-0"

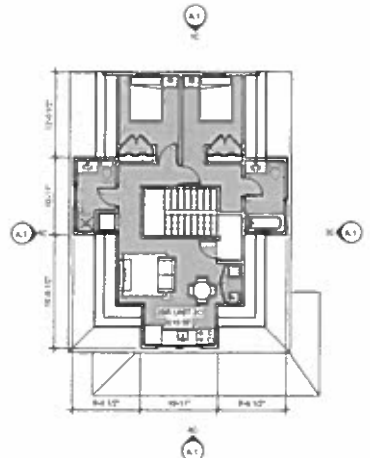
3C EAST ELEVATION - BUILDING TYPE 1A - MODEL 1
SCALE: 3/8" = 1'-0"

1C NORTH ELEVATION - BUILDING TYPE 1A - MODEL 1
SCALE: 3/8" = 1'-0"

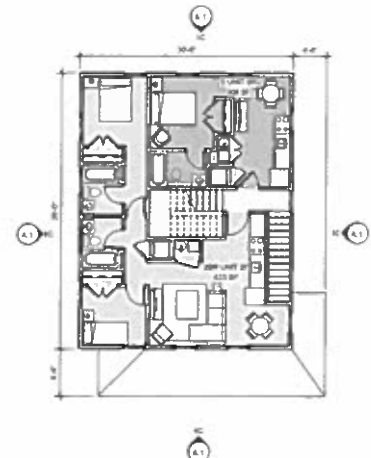
BASKERVILLE
300 S. CHANDLER AVENUE, SUITE 205 ORLANDO, FL 32809



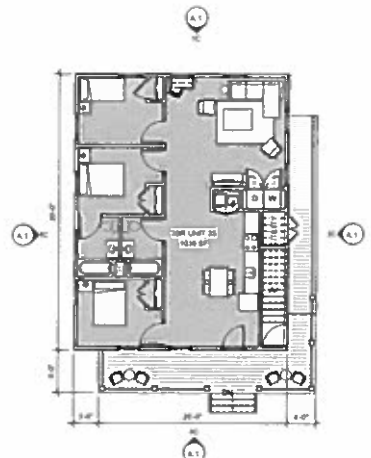
5A 3D VIEW - BUILDING TYPE 1A - MODEL 1
SCALE: 3/8" = 1'-0"



4A 3RD FLOOR PLAN - BUILDING TYPE 1A - MODEL 1
SCALE: 3/8" = 1'-0"



3A 2ND FLOOR PLAN - BUILDING TYPE 1A - MODEL 1
SCALE: 3/8" = 1'-0"



1A 1ST FLOOR PLAN - BUILDING TYPE 1A - MODEL 1
SCALE: 3/8" = 1'-0"

PROVIDED FOR PERMIT, USE BY THE OWNER OR OTHER APPROVED PERSONNEL
WITHOUT VIOLATING ANY APPLICABLE REGULATIONS

PROJECT NUMBER
2_200360.0
ST. ELIZABETH'S APARTMENTS
NORTHWEST DISTRICT - CITY OF SEASIDE, VIRGINIA

1 1/22/2020 PLANN REVIEW FOR CITY COMMENTS
DATE
10/19/2020
- SUP

MODEL 1 PLANS AND ELEVATION
A.1

1/8" = 1'-0" GRAPHIC SCALE

Baskervill



5C WEST ELEVATION - BUILDING TYPE 1B - MODEL 2
SCALE: 3/8" = 1'-0"

4C SOUTH ELEVATION - BUILDING TYPE 1B - MODEL 2
SCALE: 3/8" = 1'-0"

3C EAST ELEVATION - BUILDING TYPE 1B - MODEL 2
SCALE: 3/8" = 1'-0"

1C NORTH ELEVATION - BUILDING TYPE 1B - MODEL 2
SCALE: 3/8" = 1'-0"

BASKERVILL
300 S. CHANDLER AVENUE, SUITE 105 ORLANDO, FL 32809

NOT FOR
CONSTRUCTION

REVISIONS AND COMMENTS, SEE CD AND SPEC TO FINAL CONTRACT & PERMITS
PROJECT NUMBER:

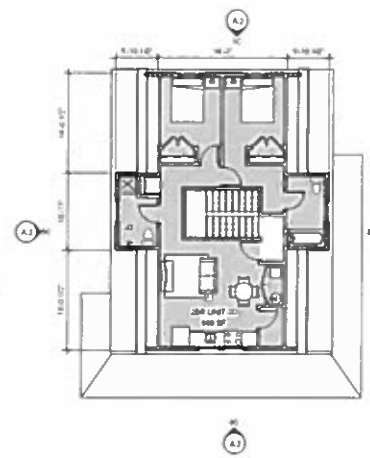
2_200360.0

**ST. ELIZABETH'S
APARTMENTS**
NATTON'S DISTRICT - CITY OF TECHNOLOGY, VIRGINIA

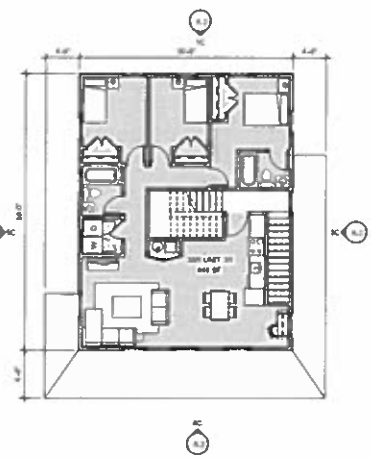
1/15/2020 PLANS REVISED PER CITY COMMENTS
DATE
**10/19/2020 -
SUP**



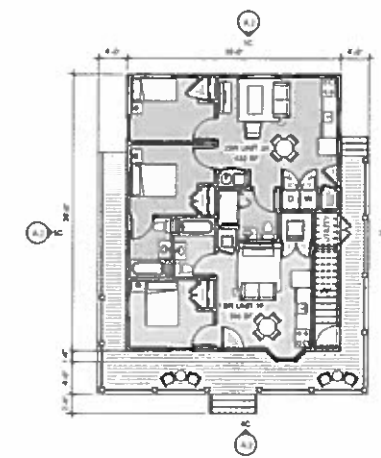
5A 3D VIEW - BUILDING TYPE 1B - MODEL 2
SCALE



4A 3RD FLOOR PLAN - BUILDING TYPE 1B - MODEL 2
SCALE: 3/8" = 1'-0"



2A 2ND FLOOR PLAN - BUILDING TYPE 1B - MODEL 2
SCALE: 3/8" = 1'-0"



1A 1ST FLOOR PLAN - BUILDING TYPE 1B - MODEL 2
SCALE: 3/8" = 1'-0"

**MODEL 2 PLANS AND
ELEVATIONS**

A.2

1/8" = 1'-0" GRAPHIC SCALE

Baskerville



5C WEST ELEVATION - BUILDING TYPE IC - MODEL 3 **4C SOUTH ELEVATION - BUILDING TYPE IC - MODEL 3** **3C EAST ELEVATION - BUILDING TYPE IC - MODEL 3** **1C NORTH ELEVATION - BUILDING TYPE IC - MODEL 3**

BASKERVILLE
300 S. ORANGE AVENUE, SUITE 101 GAITHERSBURG, MD 20878



APPROVED FOR CONSTRUCTION, SEE ALL OTHER PERMITS AND REGULATIONS

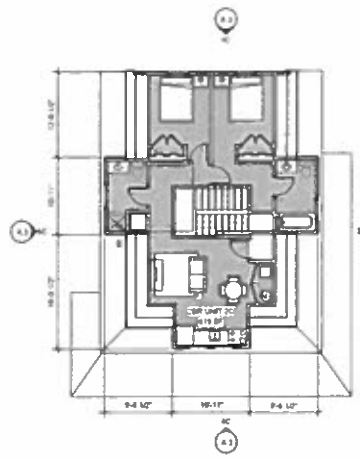
PROJECT NUMBER
2.200360.0

ST. ELIZABETH'S APARTMENTS
GAITHERSBURG DISTRICT - CITY OF ROCKVILLE, VIRGINIA

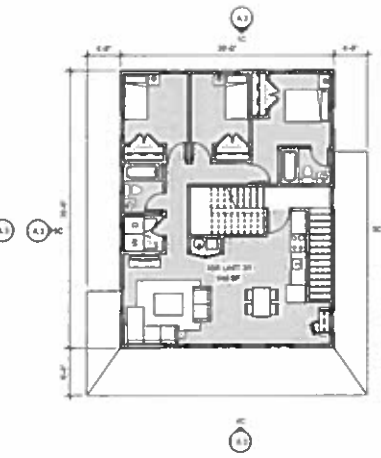
1 1/23/2020 PLANS REVIEWED FOR CITY COMPLIANCE
DATE: 10/18/2020 - SUP



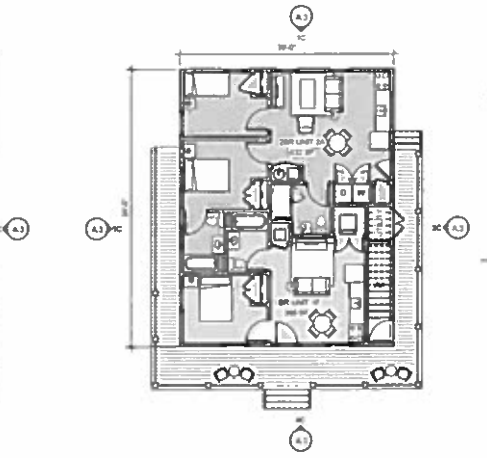
5A 3D VIEW - BUILDING TYPE IC - MODEL 3



4A 3RD FLOOR PLAN - BUILDING TYPE IC - MODEL 3



3A 2ND FLOOR PLAN - BUILDING TYPE IC - MODEL 3



2A 1ST FLOOR PLAN - BUILDING TYPE IC - MODEL 3

MODEL 3 PLANS AND ELEVATIONS
A.3

1/8" = 1'-0" GRAPHIC SCALE

Baskervill



5C WEST ELEVATION - BUILDING TYPE 1C - MODEL 4
SCALE: 1/8" = 1'-0"

4C SOUTH ELEVATION - BUILDING TYPE 1C - MODEL 4
SCALE: 1/8" = 1'-0"

3C EAST ELEVATION - BUILDING TYPE 1C - MODEL 4
SCALE: 1/8" = 1'-0"

1C NORTH ELEVATION - BUILDING TYPE 1C - MODEL 4
SCALE: 1/8" = 1'-0"

BA BASKERVILL
300 S. ORANGE AVENUE, SUITE 202 ORLANDO, FL 32801

NOT FOR
CONSTRUCTION

APPROVED FOR CONSTRUCTION, USE IN FULL WITH DRAWING NUMBER 2-200360.0
GENERAL CONTRACTOR RESPONSIBILITY

PROJECT NUMBER
2_200360.0

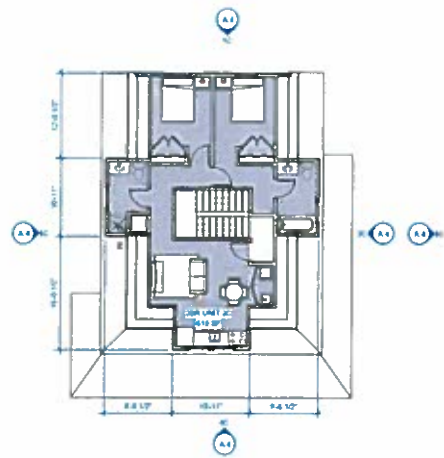
**ST. ELIZABETH'S
APARTMENTS**
BATHWELL DISTRICT - CITY OF INDIANOLA, IOWA

DATE: 10/19/2020 -
- SUP

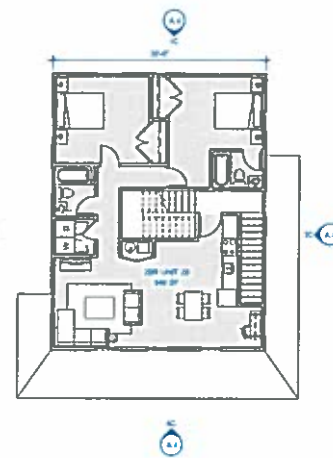
MODEL 4 PLANS AND
ELEVATIONS
A.4



5A 3D VIEW - BUILDING TYPE 1C - MODEL 4
SCALE



4A 3RD FLOOR PLAN - BUILDING TYPE 1C - MODEL 4
SCALE: 1/8" = 1'-0"



3A 2ND FLOOR PLAN - BUILDING TYPE 1C - MODEL 4
SCALE: 1/8" = 1'-0"



1A 1ST FLOOR PLAN - BUILDING TYPE 1C - MODEL 4
SCALE: 1/8" = 1'-0"

1/8" = 1'-0" GRAPHIC SCALE



Baskervill



5C WEST ELEVATION - BUILDING TYPE 2 - MODEL 5
SCALE: 3/8" = 1'-0"

4C SOUTH ELEVATION - BUILDING TYPE 2 - MODEL 5
SCALE: 3/8" = 1'-0"

3C EAST ELEVATION - BUILDING TYPE 2 - MODEL 5
SCALE: 3/8" = 1'-0"

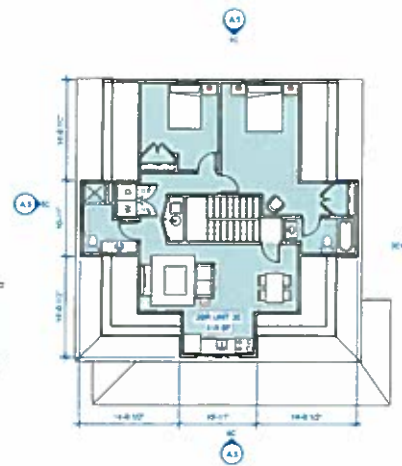
1C NORTH ELEVATION - BUILDING TYPE 2 - MODEL 5
SCALE: 3/8" = 1'-0"

BASKERVILL
200 S. CHAMBERLAIN AVENUE, SUITE 102 ORLANDO, FL 32809

NOT FOR
CONSTRUCTION



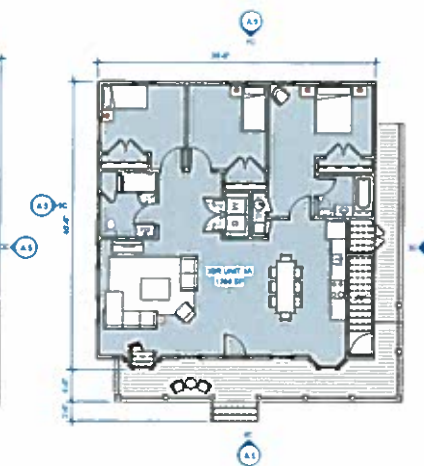
5A 3D VIEW - BUILDING TYPE 2 - MODEL 5
NOT TO SCALE



4A 3RD FLOOR PLAN - BUILDING TYPE 2 - MODEL 5
SCALE: 3/8" = 1'-0"



3A 2ND FLOOR PLAN - BUILDING TYPE 2 - MODEL 5
SCALE: 3/8" = 1'-0"



1A 1ST FLOOR PLAN - BUILDING TYPE 2 - MODEL 5
SCALE: 3/8" = 1'-0"

ISSUES AND COMMENTS: SEE ALL SHEETS FOR ISSUES AND COMMENTS
REVISIONS AND APPROVALS:

PROJECT NUMBER
2.200380.0

**ST. ELIZABETH'S
APARTMENTS**
9477943 DISTRICT - CITY OF BROWARD COUNTY

1 1/23/2020 PLANS REVISED FOR CITY COMMENTS
DATE
**10/19/2020 -
- SUP**

MODEL 5 PLANS AND
ELEVATIONS
A.5

1/8" = 1'-0" GRAPHIC SCALE

Baskervill



4C 3D VIEW - COMMUNITY BUILDING



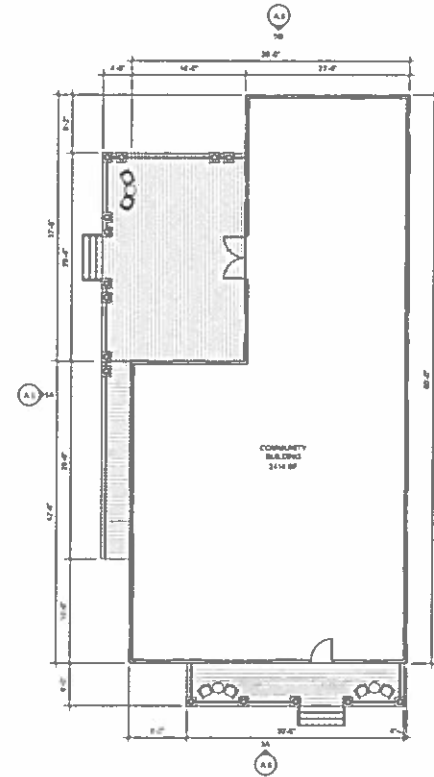
5B NORTH ELEVATION - COMMUNITY BUILDING

4B EAST ELEVATION - COMMUNITY BUILDING



5A WEST ELEVATION - COMMUNITY BUILDING

3A SOUTH ELEVATION - COMMUNITY BUILDING



2A 1ST FLOOR PLAN - COMMUNITY BUILDING

BASKERVILL
200 S. CRANFORD AVENUE, SUITE 102 OLANDE, FL 32050

NOT FOR
CONSTRUCTION

PROJECT NUMBER
2.200360.0

ST. ELIZABETH'S
APARTMENTS

147TH DISTRICT - CITY OF RICHMOND, VIRGINIA

10/19/2020

- SUP

COMMUNITY BUILDING
PLANS AND ELEVATIONS

A.6

Tab H:

Attorney's Opinion (MANDATORY)

March 9, 2022

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

RE: 2022 Tax Credit Reservation Request

Name of Development: Saint Elizabeth Apartments
Name of Owner: Saint Elizabeth Apartments LLC

Ladies and Gentlemen:

This undersigned firm represents the above-referenced Owner as its counsel. It has received a copy of and has reviewed the completed application package dated March 8, 2022 (of which this opinion is a part) (the "Application") submitted to you for the purpose of requesting, in connection with the captioned Development, a reservation of low income housing tax credits ("Credits") available under Section 42 of the Internal Revenue Code of 1986, as amended (the "Code"). It has also reviewed Section 42 of the Code, the regulations issued pursuant thereto and such other binding authority as it believes to be applicable to the issuance hereof (the regulations and binding authority hereinafter collectively referred to as the "Regulations").

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

1. It is more likely than not that the inclusion in eligible basis of the Development of such cost items or portions thereof, as set forth in Hard Costs and Owners Costs section of the Application form, complies with all applicable requirements of the Code and Regulations.
2. The calculations (a) of the Maximum Allowable Credit available under the Code with respect to the Development and (b) of the Estimated Qualified Basis of each building in the Development comply with all applicable requirements of the Code and regulations, including the selection of credit type implicit in such calculations.
3. The appropriate type(s) of allocation(s) have been requested in the Reservation Request Information section in the Application form.
4. The information set forth in the Unit Details section of the Application form as to proposed rents satisfies all applicable requirements of the Code and Regulations.
5. The site of the captioned Development is controlled by the Owner, as identified in the Site Control section of the Application, for a period of not less than four (4) months beyond the application deadline.

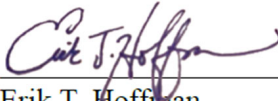
6. The type of the nonprofit organizations involved in the Development are organizations described in Code Section 501(c)(3) or 501(c)(4) and exempt from taxation under Code Section 501(a), whose purposes include the fostering of low-income housing.
7. The nonprofit organizations' ownership interest in the development are as described in the Nonprofit Involvement section of the Application form.

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

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

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

Klein Hornig LLP

By: 
Erik T. Hoffman
Its: Partner



Tab I:

Nonprofit Questionnaire (MANDATORY for points or pool)

NOTE: The following documents need not be submitted unless requested by Virginia Housing:

- Nonprofit Articles of Incorporation
- IRS Documentation of Nonprofit Status
- Joint Venture Agreement (if applicable)
- For-profit Consulting Agreement (if applicable)



Non-profit Questionnaire

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

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

1. General Information

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

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

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

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

 - How many full time, paid staff members does the non-profit and, if applicable, any other non-profit organization(s) ("related non-profit(s)") of which the non-profit is a subsidiary or to which the non-profit is otherwise related have (i.e. by shared directors, staff, etc.)?
_____ How many part time, paid staff members? _____
- Describe the duties of all staff members:

Non-profit Questionnaire, cont'd

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

Yes No If yes, explain in detail: _____

- What are the sources and manner of funding of the non-profit? (You must disclose all financial and/ or the arrangements with any individual(s) or for profit entity, including anyone or any entity related, directly, indirectly, to the Owner of the Development

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

2. Non-profit Formation

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

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

Yes No If yes, explain in detail:

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

Yes No If yes, explain:

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

Yes No If yes, explain:

Non-profit Questionnaire, cont'd

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

Yes No, If yes, explain: _____

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

Yes No

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

3. Non-profit Involvement

- Is the non-profit assured of owning an interest in the Development (either directly or through a wholly owned subsidiary) throughout the Compliance Period (as defined in

§42(i)(1) of the Code)?

Yes No

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

Yes No

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

Yes No

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

- (i) Will the non-profit be the managing member or managing general partner?

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

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

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

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

Non-profit Questionnaire, cont'd

Recordable agreement attached to the Tax Credit Application as TAB V

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

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

Yes No If yes,

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

Commonwealth Catholic Charities Housing Corporation is responsible for all facets of the Development, including managing architecture, engineering and construction.

- (ii) Describe the nature and extent of the non-profit's involvement in the operation or management of the Development throughout the Extended Use Period (the entire time period of occupancy restrictions of the low-income units in the Development):

Commonwealth Catholic Charities Housing Corporation will own the development through the entire Extended Use Period and will be responsible for managing the Property Management company.

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

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

CCCHC is developing the Saint Elizabeth Apartments in partnership with People Incorporated Housing Group (PIHG). PIHG is assisting CCCHC in its first affordable housing project during predevelopment with design and financing, and during construction.

- Is a for profit entity providing development services (excluding architectural, engineering, legal, and accounting services) to the proposed development?

Yes No If yes,

(i) explain the nature and extent of the consultant's involvement in the construction or rehabilitation and operation or management of the proposed development.

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

CCCHC will pay PIHG a fee of the greater of (i) 5% of total developer fee from CCCHC, or (ii) \$64,650 which fee will be paid at Construction finance closing.

Non-profit Questionnaire, cont'd

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

Commonwealth Catholic Charities Housing Corporation is developing the Saint Elizabeth Apartments in partnership with People Incorporated Housing Group (PIHG). CCCHC will pay PIHG a fee of the greater of (i) 5% of total developer fee from CCCHC, or (ii) \$64,650 which fee will be paid at Construction finance closing. for assisting CCCHC in the development of the Saint Elizabeth Apartments and securing all of the required financing for construction closing.

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

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

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

None

Non-profit Questionnaire, cont'd

4. Virginia and Community Activity

- Has the Virginia State Corporation Commission authorized the non-profit to do business in Virginia? Yes No
- Define the non-profit's geographic target area or population to be served:
Commonwealth Catholic Charities Housing Corporation provides quality affordable housing across a spectrum of incomes and needs within the Catholic Diocese of Richmond. CCC has offices in Newport News, Norfolk, Richmond, Petersburg, Charlottesville, Roanoke, and Norton.
- Does the non-profit or, if applicable, related non-profit have experience serving the community where the proposed development is located (including advocacy, organizing, development, management, or facilitation, but not limited to housing initiatives)?
 Yes No If yes, or no, explain nature, extent and duration of any service:
Commonwealth Catholic Charities and CCCHC have been serving Richmond since CCC's inception in 1923. The organizations provide housing services, affordable housing units, behavioral and mental health counseling, HUD-certified housing and financial counseling, adoption services, food pantry, and services for seniors.
- Does the non-profit's by laws or board resolutions provide a formal process for low income, program beneficiaries to advise the non-profit on design, location of sites, development and management of affordable housing? Yes No If yes, explain:

- Has the Virginia Department of Agriculture and Consumer Services (Division of Consumer Affairs) authorized the non-profit to solicit contributions/donations in the target community?
 Yes No
- Does the non-profit have demonstrated support (preferably financial) from established organizations, institutions, businesses and individuals in the target community?
 Yes No If yes, explain:
CCC receives community support from several faith communities and civic groups in the target community as well as from the United Way of Greater Richmond and Petersburg, the Robins Foundation, the City of Richmond, and Bon Secours Mercy Health system.
- Has the non-profit conducted any meetings with neighborhood, civic, or community groups and/or tenant associations to discuss the proposed development and solicit input? Yes No If yes, describe the general discussion points:
From 2019-2021, CCCHC held over 15 meeting with Green Park community groups including St. Elizabeth Catholic Church, 5th Street Baptist, Green Park Civic Association, Highland Park Quality of Life, 6PIC, and Richmond City Councilmember Ellen Robertson. The discussions shaped the project to meet community wants and needs.
- Are at least 33% of the members of the board of directors representatives of the community being served? Yes No If yes,
 - (i) low-income residents of the community? Yes No
 - (ii) elected representatives of low-income neighborhood organizations? Yes No

Non-profit Questionnaire, cont'd

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

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

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

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

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

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

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

Non-profit Questionnaire, cont'd

5. Attachments

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

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

March 4, 2022

Date

Saint Elizabeth Apartments LLC

Owner/Applicant

By: 

CEO of Commonwealth Catholic Charities Housing Corporation,
Co-Managing Member of CCC Fourquare LLC,

Its: Managing Member

Title

Commonwealth Catholic Charities

Housing Corporation

Non-profit

By: 

Board Chairman

By: 

Executive Director

March 4, 2022

Date

Commonwealth Catholic Charities



Marie Hess
Executive Assistant



- Brooke Jennings*
Director of Finance
- Pam Hobson*
Facilities Manager
- Rosa Gallegos*
Supervisor HR
- Xander Ragnauth*
Manager IT

- Josie Williams**
Director Behavioral Health & Disability Services
- Jessenia Pagan*
Manager Counseling
 - Ashlee Giles*
Disability Services Manager
 - Shelby Harris*
Supervisor DDW
 - Sarah Stevenson*
Supervisor Guardianship

- Toosdhi Jackson**
Director Children's Services
- Cassandra Collins*
Director of Operations TFC Norton
 - Jennifer Ward*
Manager TFC, UAC, URM Richmond
 - Lydia Strawbridge*
Manager TFC Roanoke
 - Bob Larkin*
Manager Children's Shelter
 - Marge Thornton*
Manager Adoption Pregnancy Counseling
 - Taylor Mills*
Supervisor Post Adoption

- Denise Crews**
Director Income & Asset Building Services
- Harley Maddox*
Supervisor Housing Counseling

- Laura Murphy**
Director Resettlement & Immigration Services
- Kristen Larcher*
Director of Operations Resettlement and Immigration Services Hampton Roads
 - Abu Abdelrahman*
Manager Resettlement Richmond
 - Samim Noorzad*
Manager Resettlement Roanoke
 - Judith Gallegos*
Supervisor Interpreter Services

- Christine Elwell**
Director Supportive Housing & Homeless Services
- Jacob Snow*
Manager Homeless Services
 - Erin Cave*
Manager Supportive Housing
 - Cindy Chambers*
Manager Homeless Services

- Katie Dillon*
Manager Marketing
- Kathleen McCormac*
Manager Development





Housing Corporation Board of Directors Directory 2022



Rosann Bocciarelli, Member rbocciarelli@gmail.com 804.306.4652

204 Cyril Lane, Richmond, VA 23229

- Director of International Education (Retired), Collegiate School; Assistant General Counsel/Attorney (Retired)
- Juris Doctorate from Yale Law School and Bachelor of Arts from Connecticut College
- Member-Saint Elizabeth Catholic Church



Joseph Boisineau, Vice Chair joeboisineau@verizon.net 804.814.6066

1509 Sandgate Road, Midlothian, VA 23113

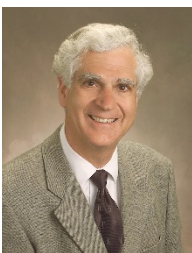
- Dispute Resolution Specialist (Retired), Virginia Department of Agriculture and Consumer Services
- Virginia Commonwealth University's Management Program and Detroit Retail Management and Merchandising Institute Program, Attended University of Detroit, University of Michigan, Henry Ford College and John Tyler Community College
- Vice Chair-CCC Housing Corporation Board of Directors; Past Chair-CCC Board of Directors; Chair-CCC Board Development Committee; Member-CCC Finance Committee; Member-CHSF Holiday Festival of Music Committee
- Member-Saint Edward the Confessor Catholic Church



James P. Carreras, Member j.carrerasjr@comcast.net 804.240.7896

2011 Oakengate Lane, Midlothian, VA 23113

- President, P & J Properties, Inc.; President (Retired), Automatic Leasing Service, Inc.
- Master of Business Administration from Wharton School University of Pennsylvania and Bachelor of Science from Saint Vincent College
- Member-CHSF Investment Committee
- Member-Saint Edward the Confessor Catholic Church



James J. DePasquale, Secretary jditalia2000@gmail.com 804.840.7422

O East 4th Street, Studio 39, Richmond, VA 23224

- President, DePasquale Delph Gentilhomme Group (Retired); Licensed Architect Certified by the National Council of Architectural Registration Boards
- Bachelor of Architecture from University of Virginia
- Secretary-CCC Housing Corporation Board of Directors
- Member-Bon Air Baptist Church

Directory 2021

Photo
Not
Available

Scott Horchler, Treasurer sahorchler@gmail.com 540.982.3185

10 Franklin Road SE, Suite 100, Roanoke, VA 24011

- Vice President/Community Development Manager, SunTrust Bank for Western Virginia and West Virginia
- Attended Brigham Young University
- Treasurer-CHSF Board of Directors; Treasurer-CCCHC Board of Directors; Member-CCC Roanoke Regional Advisory Committee



Joyce M. Knight, Member brandy_03@verizon.net 804.389.6954

2605 Houston Avenue, Richmond, VA 23222

- Meeting Planner, Virginia Tobacco Commission
- Church Secretary, First Baptist Church, Elmont
- Degree pending from Virginia Commonwealth University



Rev. Mr. Ronald A. Reger, Member varegers@gmail.com 804.363.8491

5100 Monument Avenue, Unit #1203, Richmond, VA 23230

- Program Administration Specialist, Virginia Housing Development Authority
- Master of Arts in Theology from Saint Leo University and Master of Business Administration from Old Dominion University and Bachelor of Science from SUNY College at Brockport and Organization Development Certificate from Georgetown University
- Member-Church of the Redeemer Catholic Church



Michael Shaia, Member mkshaia@comcast.net 804-360-8831

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- Senior Associate, Cushman & Wakefield | Thalhimer
- Virginia Polytechnic Institute and State University
- St. Michael and St. Anthony



Patrice Shelton, Member Patrice.shelton@vdh.virginia.gov 804.289.0167

1708 Jacqueline Court, Richmond, VA 23220

- Certified Health Worker Senior for Virginia Department of Health/Richmond City Health District
- Founder and Executive Director of Hillside Court Partnership,
- Member-Bon Air Baptist Church



Paul Sinclair, Chair paul.a.sinclair@gmail.com 804.677.2308

4227 Kingcrest Parkway, Richmond, VA 23221

- IT Consultant/Owner, Technology Solutions Group, LLC (Retired)
- Juris Doctorate from Catholic University School of Law and Bachelor of Arts from University of Notre Dame
- Chair-CCC Housing Corporation Board of Directors; Vice Chair-CCC Board of Directors; Member-CCC Executive Committee
- Member-Saint Bridget Catholic Church



Lucia Anna (Pia) Trigiani, Member pia.trigiani@mercertrigiani.com 703.837.5008

710 South Union Street, Alexandria, VA 22314

- Attorney and Founding Partner, MercerTrigiani LLP
- Juris Doctorate from T.C. William School of Law University of Richmond and Bachelor of Arts from Saint Mary's College in Notre Dame
- Past Member-CHSF Board of Directors
- Member-Basilica of Saint Mary Catholic Church



Jay Brown, Chief Executive Officer jay.brown@cccova.org 804.545.5975

1601 Rolling Hills Drive, Richmond, VA 23229-5011

- Chief Executive Officer, Commonwealth Catholic Charities

Commonwealth Catholic Charities

List of Joint Venture Partnerships with For-profit Entities

Project Name	Owner Entity	GP/MM/Developer	Location	Date of Application	Current Status
Huntington Village	ND Owner, LLC	ND Managing Member, LLC/DPI, LLC/Dakota Partners	Newport News	March 14, 2018	Lease-up
The Heights at Brady Square	BR Owner, LLC	BR Owner LLC/BR Managing Member, LLC/Dakota Partners	Richmond	March 11, 2019	Construction
Oak Terrace	Oak Terrace, LLC	Oak Terrace MM, LLC/South Creek Investments, LLC/South Creek Development	Suffolk	March 11, 2020	Pre-development
Goose Creek Crossing	Goose Creek Crossing, LLC	Goose Creek Crossing MM LLC/South Creek Investments, LLC/South Creek Development	Staunton	March 11, 2020	Pre-development

INTERNAL REVENUE SERVICE
P. O. BOX 2508
CINCINNATI, OH 45201

DEPARTMENT OF THE TREASURY

Date: **MAY 17 2019**

COMMONWEALTH CATHOLIC CHARITIES
HOUSING CORPORATION
1601 ROLLING HILLS DR
RICHMOND, VA 23229-5011

Employer Identification Number:
35-2636133
DLN:
17053025302019
Contact Person:
HEATHER L SUHR ID# 17300
Contact Telephone Number:
(877) 829-5500
Accounting Period Ending:
September 30
Public Charity Status:
170(b)(1)(A)(vi)
Form 990/990-EZ/990-N Required:
Yes
Effective Date of Exemption:
August 3, 2017
Contribution Deductibility:
Yes
Addendum Applies:
No

Dear Applicant:

We're pleased to tell you we determined you're exempt from federal income tax under Internal Revenue Code (IRC) Section 501(c)(3). Donors can deduct contributions they make to you under IRC Section 170. You're also qualified to receive tax deductible bequests, devises, transfers or gifts under Section 2055, 2106, or 2522. This letter could help resolve questions on your exempt status. Please keep it for your records.

Organizations exempt under IRC Section 501(c)(3) are further classified as either public charities or private foundations. We determined you're a public charity under the IRC Section listed at the top of this letter.

If we indicated at the top of this letter that you're required to file Form 990/990-EZ/990-N, our records show you're required to file an annual information return (Form 990 or Form 990-EZ) or electronic notice (Form 990-N, the e-Postcard). If you don't file a required return or notice for three consecutive years, your exempt status will be automatically revoked.

If we indicated at the top of this letter that an addendum applies, the enclosed addendum is an integral part of this letter.

For important information about your responsibilities as a tax-exempt organization, go to www.irs.gov/charities. Enter "4221-PC" in the search bar to view Publication 4221-PC, Compliance Guide for 501(c)(3) Public Charities, which describes your recordkeeping, reporting, and disclosure requirements.

Letter 947

COMMONWEALTH CATHOLIC CHARITIES

Sincerely,

Stephen A. Martin

Director, Exempt Organizations
Rulings and Agreements

ARTICLES OF INCORPORATION
OF
COMMONWEALTH CATHOLIC CHARITIES HOUSING CORPORATION
A Virginia Nonstock Corporation

Article I
Name

The name of the corporation is Commonwealth Catholic Charities Housing Corporation (hereinafter “Corporation”).

Article II
Purposes

The Corporation is formed for religious, educational, and charitable purposes, and shall include, but not be limited to developing, acquiring, owning, financing and managing and otherwise providing affordable housing and housing-related services within the Catholic Diocese of Richmond.

Article III
Powers

A. The Corporation is organized and shall be operated exclusively for religious and charitable purposes within the meaning of Section 501(c)(3) of the Internal Revenue Code of 1986, as amended, or the corresponding provision of any future United States Internal Revenue law (the “Code”). The Corporation shall operate as a “supporting organization” described in Section 509(a)(3) of the Code by conducting and supporting activities which carry out the exclusively public purposes of Commonwealth Catholic Charities, a Virginia non-stock corporation and an organization described in Sections 501(c)(3), 509(a)(1) and 170(b)(1)(A) of the Code, to fulfill its mission of providing quality, compassionate human services to all people,

especially the most vulnerable, through soliciting support from communities served. The preceding sentence shall not limit the ability of the Corporation to carry out any other charitable, educational, or scientific purposes previously set forth herein. The Corporation may engage only in activities that may be carried on by a corporation exempt from federal income taxation under Section 501(c)(3) of the Code and by a corporation to which contributions are deductible under Sections 170(c), 2055 and 2522 of the Code.

B. No part of the net earnings of the Corporation shall inure to the benefit of any private shareholder or individual, except that the Corporation may pay reasonable compensation for services rendered and may make payments or distribution in furtherance of the purposes set forth in Article II herein. No substantial part of the activities of the Corporation shall be the carrying on of propaganda, or otherwise attempting to influence legislation, nor shall the Corporation participate or intervene (including by publishing or distributing statements) in any political campaign on behalf of, or in opposition to, any candidate for public office.

C. To the extent consistent with Section 501(c)(3) of the Code, the Corporation may exercise any and all powers conferred upon nonstock corporations by Sections 13.1-826 and 827 of the Virginia Nonstock Corporation Act.

Article IV. **Member**

The sole member of the Corporation shall be the Most Reverend Francis X. DiLorenzo, Bishop of the Catholic Diocese of Richmond, Virginia, or his Successors in office (hereinafter "Sole Member"). Sole Member shall have the power to disallow any of the actions herein described or any other action of the Board of Directors, Corporation, and Its employees or agents, acting on Its behalf, when he determines in his sole discretion that such action is, or

imposes a restriction, condition or requirement, inconsistent with the philosophy or teachings of the Roman Catholic Church.

Article V.
Directors

A. The Corporation shall have a Board of Directors. All corporate powers shall be exercised by or under the authority of, and the business and affairs of the Corporation managed under the direction of, its Board of Directors.

B. The number of persons constituting the Board of Directors shall be fixed by the Bylaws but shall not be less than five (5) and not more than ten (10) and in the absence of a Bylaw fixing the number, shall be five (5).

C. Initial Directors shall be nominated by the Board of Directors of Commonwealth Catholic Charities (“CCC Board”) by a simple majority and approved by the Sole Member. Director candidates who are nominated and approved in this manner shall be appointed upon a two-thirds vote of the CCC Board at a regularly scheduled board meeting or one called for that purpose. At the first Annual Meeting of the Board of Directors, the number of Directors shall be divided into three (3) groups with each group containing one-third (1/3) of the total as nearly as possible. The term of the Directors in the first group shall expire at the first Annual Meeting of the Board of Directors after their appointment, the terms of the Directors in the second group shall expire at the second Annual Meeting of the Board of Directors after their appointment, and the terms of the Directors in the third group shall expire at the third Annual Meeting of the Board of Directors after their appointment. Following the appointment of the initial Director, new Directors shall be recommended by the Board of Directors and appointed to a term of three (3) years upon a two-thirds vote of the CCC Board at a regularly scheduled board meeting or one called for that purpose.

D. The Board of Directors shall be responsible for the day-to-day management of the assets and affairs of the Corporation.

E. The Board of Directors shall propose policies that further the purpose of the Corporation.

F. The Board of Directors shall approve operating agreements, any merger, consolidation, creation of a subsidiary, or the affiliation of the Corporation with any other corporation or institution and any decision to dissolve or liquidate the Corporation.

G. The Board of Directors shall appoint the Officers of the Board of Directors. The chief executive of the Corporation shall be the Executive Director of Commonwealth Catholic Charities, who may be removed by a majority vote of the CCC Board.

Article VI.
Registered Office and Agent.

The initial registered office of the Corporation is 8550 Mayland Drive, Richmond, VA 23294 in the County of Henrico, Virginia. Its initial registered agent at that address is Greer P. Jackson, Jr., Esquire, who is a resident of Virginia and a member of the Virginia State Bar.

Article VII.
Dissolution.


If the Corporation is dissolved, any assets remaining after payment (or provision for payment) of all claims against it shall be distributed to Commonwealth Catholic Charities, if then existing, or, if not, the Catholic Diocese of Richmond, Virginia, to be used for the religious, charitable or educational missions of the Roman Catholic Church. Commonwealth Catholic Charities, if then existing, or, if not, the Catholic Diocese of Richmond shall adhere to any

restrictions on these assets in accordance with the Corporation's gift acceptance policy and the endowment agreement.

Article VIII.
Indemnification

The Corporation shall indemnify and hold harmless to the full extent permitted by law any person who was, or is, a party or is threatened to be made a party to any threatened, pending or completed action, suit or proceeding, whether civil, criminal, administrative or investigative, by reason of the fact that he or she is or was a Director, Officer or Member of the Corporation, against expenses (including attorneys' fees), judgments, fines and amounts paid in settlement actually and reasonably incurred by him or her in connection with such action, suit or proceeding if he or she acted in good faith and in a manner he or she reasonably believed to be in or not opposed to the best interests of the Corporation, and with respect to any criminal action or proceeding, had no reasonable cause to believe his or her conduct was unlawful.

Dated: Aug. 3, 2017


The Most Reverend Francis X. DiLorenzo
Bishop of the Catholic Diocese of Richmond,
Sole Member of the Commonwealth Catholic
Charities Housing Corporation, and his
successors in office

ARTICLES OF AMENDMENT
OF
COMMONWEALTH CATHOLIC CHARITIES HOUSING CORPORATION

1. The name of the corporation is Commonwealth Catholic Charities Housing Corporation (hereinafter "Corporation").
2. Article V, Paragraph B of the Articles of Incorporation is deleted and replaced as follows:
 - B. The number of persons constituting the Board of Directors shall be fixed by the Bylaws but shall not be less than five (5) and not more than fifteen (15) and in the absence of a Bylaw fixing the number, shall be five (5).
3. The foregoing amendment was adopted by the Corporation on October 6, 2020.
4. The amendment was adopted by the consent of the sole member.

Executed in the name of the Corporation by:

Dated: 10/23/20



**The Most Reverend Barry C. Knestout
Bishop of the Catholic Diocese of Richmond,
Sole Member of the Commonwealth Catholic
Charities Housing Corporation, and his
successors in office**

SCC ID No.: 08217374

COMMONWEALTH CATHOLIC CHARITIES

HOUSING CORPORATION

AMENDED AND RESTATED BYLAWS

ARTICLE I
PURPOSES OF THE CORPORATION

Section 1 – Specified Purposes of the Corporation.

The Commonwealth Catholic Charities Housing Corporation, a Virginia non-stock corporation (“Corporation”) is formed for religious, educational, and charitable purposes and to develop, acquire, own, finance and manage and otherwise provide affordable housing and housing-related services within the Catholic Diocese of Richmond.

Section 2 – Powers of the Corporation.

The Corporation is organized and shall be operated exclusively for religious and charitable purposes within the meaning of Section 501(c)(3) of the Internal Revenue Code of 1986, as amended, or the corresponding provision of any future United States internal revenue law (the “Code”). The Corporation shall operate as a “supporting organization” described in Section 509(a)(3) of the Code by conducting and supporting activities which carry out the exclusively public purposes of Commonwealth Catholic Charities, a Virginia non-stock corporation and an organization described in Sections 501(c)(3), 509(a)(1) and 170(b)(1)(A) of the Code, to fulfill its mission of providing quality, compassionate human services to all people, especially the most vulnerable, through soliciting support from communities served. The preceding sentence shall not limit the ability of the Corporation to carry out any other charitable, educational, or scientific purposes previously set forth herein. The Corporation may engage only in activities that may be carried on by a corporation exempt from federal income taxation under Section 501(c)(3) of the Code and by a corporation to which contributions are deductible under Sections 170(c), 2055 and 2522 of the Code. The Corporation shall have the power to receive, retain and expend funds from the government of the United States, any state or local government and any charitable or educational organization (including foundations). Consistent with the foregoing, the Corporation may exercise all powers which a corporation organized under the Virginia provisions of law relating to non-stock corporations, as from time to time amended, may be authorized to exercise. The Corporation is specifically empowered to do and perform all acts reasonably necessary to accomplish the purposes of the Corporation.

ARTICLE II
MEMBER OF THE CORPORATION

Section 1 – Member of the Corporation.

The Most Reverend Barry C. Knestout, Bishop of the Catholic Diocese of Richmond, Virginia, or his successor in office, shall be the sole member of the Corporation (the “Member”), and he shall have the power to disallow any of the actions hereinabove described or any other action of the Board of Directors, Corporation, and Its employees or agents, acting on Its behalf, because such action is, or imposes a restriction, condition or requirement, inconsistent with the philosophy or teachings of the Roman Catholic Church.

Section 2 – Annual Meeting.

The Corporation shall hold an annual meeting to announce the appointment of Directors and to transact any other business within its powers during the month of October in each year, or at such other time as soon as practicable thereafter as shall be set by the Board of Directors. Unless the Articles provide otherwise, any business may be considered at an annual meeting with the purpose of the meeting having been specified in the notice. Failure to hold an annual meeting does not invalidate the Corporation’s existence or affect any otherwise valid corporate act(s).

Section 3 – Place of Meeting.

Meetings shall be held at such place and for such purposes as is designated in the notice.

ARTICLE III
BOARD OF DIRECTORS

Section 1 – Number of Directors.

The number of persons constituting the Board of Directors (hereinafter “the Board”) shall be not be less than five (5) and not more than fifteen (15), including the Executive Director of Commonwealth Catholic Charities (hereinafter “Executive Director”) who shall be an ex officio Director of the Board.

Section 2 – Appointment of Directors.

Directors shall be nominated by the Board and appointed by the Board of Directors of Commonwealth Catholic Charities (“CCC Board of Directors” and “CCC” respectively) at its Annual Meeting by a two-thirds majority vote of the CCC Board of Directors. Directors shall serve three (3) year terms, with no more than three consecutive terms. The CCC Board of Directors shall have the right to remove any Director with or without cause.

Section 3 – Powers.

The powers of the Corporation shall be vested in the Board. The Board shall elect Board officers, and fill vacancies among the Board officers for unexpired terms; and shall have the power and authority to perform all acts and functions not inconsistent with these Bylaws, or with any actions taken by the Corporation. The Executive Director of Commonwealth Catholic Charities shall have responsibility for the administration of the Corporation. The Executive Director shall be a non-voting, ex-officio member of the Board of Directors and its Committees. The Executive Director of Commonwealth Catholic Charities shall remain chief executive of the Corporation so long as (s)he remains chief executive of Commonwealth Catholic Charities.

Section 4 – Executive Committee.

There may be an Executive Committee, elected by the Board from their number, which may include the Chairperson, Vice Chairperson, Secretary and Treasurer of the Corporation, and Committee Chairs as designated by the Board, as well as any other Board officer the Board creates and elects.

Section 5 – Conflict of Interest.

A. Any duality of interest or possible conflict of interest on the part of any Director in any matter involving the Corporation shall be disclosed in writing to the Secretary at or before the meeting at which the matter is considered.

B. Any Director having a duality of interest or possible conflict of interest in any matter shall not vote on or use his or her personal influence to affect approval or disapproval of the matter, and he or she shall not be counted in determining the quorum for that portion of the meeting at which the matter is considered.

C. The foregoing requirements shall not be construed as preventing a Director from briefly stating his or her position in the matter, nor from answering pertinent questions of other Directors since his or her knowledge may be of great assistance to them.

D. Any new Director shall be advised of this policy upon assuming office. Any duality of interest or possible conflict of interest on the part of any such new Director in any matters which involves or may involve the Corporation shall be stated in writing by such Director to the Secretary and disclosed to other Directors.

E. When the Board considers a matter involving a duality of interest or possible conflict of interest of any Director, the minutes of that meeting shall reflect a disclosure of such duality of interest or possible conflict of interest and that the Director concerned was not counted in determining the existence of a quorum and that said Director abstained from voting on such matter.

Section 6 – Resignations or Removal of Directors.

A. The Board may recommend, by a two-thirds majority vote, the removal of a Director with or without cause. The CCC Board of Directors at any duly called meeting may accept or reject such recommendation for removal upon a majority vote of that body.

B. In the event that any Director shall have three (3) consecutive unexcused absences from regular meetings of the Board, after due notice of such meeting has been given, such absences shall be deemed to constitute a resignation from the Board by such Director.

Section 7 – Filling Vacancies.

Upon the death, resignation or removal of a Director, the Board shall recommend a successor to the CCC Board of Directors for appointment not later than the next Annual Meeting of the Corporation, at which time a successor shall be appointed by the CCC Board of Directors, which successor shall hold office for the remainder of the term of the Director whose death, resignation or removal created the vacancy.

Section 8 – Compensation.

Directors, as such, shall not receive any stated salary for their services as a Director; however, nothing herein contained shall be construed to preclude any Director from serving the Corporation in any other capacity and receiving compensation for that service.

ARTICLE IV
MEETINGS OF THE BOARD OF DIRECTORS

Section 1 – Regular Meetings.

Regular meetings of the Board shall be held at such place as may be determined by the Directors. The Board shall meet at least two (2) times per year.

Section 2 – Agenda for Meetings.

The Chairperson of the Corporation shall prepare an agenda for each meeting which should be delivered to each Director at least five (5) days before the meeting. Directors may request that additional items of business be included in the agenda at any time.

Section 3 – Special Meetings.

Special meetings may be called by the Chairperson and also shall be called within fourteen (14) days of receipt of written request of one-third of the Directors. Written notice of special meetings shall be mailed to each Director at least five (5) days before the date of such meeting. The agenda for a special meeting shall be followed and only the business mentioned on the agenda shall be conducted.

Section 4 – Quorum.

For regular or special meetings of the Board, a quorum shall be two-thirds of the then number of Directors. Unless otherwise required by law, the Articles of Incorporation or these Bylaws, a majority vote of the Directors present at a meeting at which a quorum is present constitutes action by the Board.

Section 5 – Notice of Meeting.

The Chairperson or Secretary shall give notice to each Director of each regular and special meeting of the Board. The notice shall state the time and place of the meeting. Notice is given to a Director when it is delivered personally to him or her, left at his or her residence or usual place of business, or sent by telegraph, telephone, or email, at least five (5) days before the time of the meeting or, in the alternative, by mail to his or her address as it shall appear on the records of the Corporation, at least five (5) days before the time of the meeting. Unless the Articles of Incorporation, these Bylaws, or a resolution of the Board requires otherwise, the notice need not state the business to be transacted at or the purpose of any regular or special meeting of the Board. No notice of any meeting of the Board need be given to any Director who attends, or to any Director who waives such notice, in writing executed and filed with the records of the meeting either before or after the meeting. Any meeting of the Board, regular or special, may adjourn from time to time to reconvene at the same or some other place, and no notice need be given of any such adjourned meeting other than by announcement.

Section 6 – Informal Action by Directors.

Any action required or permitted to be taken at a meeting of Directors may be taken without a meeting if there is filed with the records of the Corporation a written consent which sets forth the action and is signed by each Director.

ARTICLE V
OFFICERS OF THE BOARD OF DIRECTORS

Section 1 – Officers.

The Officers of the Board of Directors shall be Chairperson, Vice-Chairperson, Secretary, Treasurer, and other Officers the Board may authorize. The Chairperson, Vice-Chairperson, Secretary, Treasurer and other such Officers as the Board may authorize, shall be elected by the Board from among its own membership at the first regular meeting after it has been appointed, and said Officer shall hold office a period of one (1) year or until successors have been duly elected or qualified. Each Director may serve in one (1) or more officer positions, as the Board may determine.

Section 2 – Chairperson.

The Chairperson shall preside at the meeting of the Board. The Chairperson shall also perform such other duties as the Board shall prescribe and shall be an *ex-officio* member of all committees, with the right to vote.

Section 3 – Vice-Chairperson.

At the request of the Chairperson or in the event of his/her absence or disability, the Vice-Chairperson shall perform the duties and shall possess and exercise the powers of the Chairperson, and to the extent authorized by law, the Vice-Chairperson will have such other powers as the Board may determine and shall perform such other duties as may be assigned to him/her by the Board.

Section 4 – Secretary.

The Secretary shall act as Secretary of the Corporation and shall send appropriate notices, prepare minutes of all meetings of the Board and shall act as custodian of all records and reports, and shall be responsible for the keeping and recording of adequate records of all meetings of the Board. The Secretary shall perform all duties incident to the office of a secretary of a corporation and such other duties as, from time to time, may be assigned to him or her by the Board or the Chairperson.

Section 5 – Treasurer.

The Treasurer shall be elected annually, shall be a member of the executive committee of the Board, if any, shall be chairman of the finance committee, if any, and shall be the liaison between the Board and those persons designated to manage and audit the Corporation's finances.

Section 6 – Assistant Officers.

The Board of Directors may elect or appoint such Assistant Officers as it may prescribe. Such Assistant Officers may, but need not be, Members of the Board of Directors and shall have such duties and powers as the Board may prescribe.

Section 7 – Vacancies or Removal of Officers.

Officers of the Board of Directors shall be elected by a two-thirds majority of the Directors at the first Board meeting subsequent to the annual appointment of the Directors. The Board may accept the resignation of, or remove Officers of the Board of Directors, with or without cause, with a two-thirds majority vote of the Directors at a regular or special meeting. Such vacancies may be filled by the Board of Directors to complete the annual term of the person resigning or removed.

Section 8 – Execution of the Corporate Instruments.

Except as otherwise required by law, Articles of Incorporation, or these Bylaws, the Chairperson and those other Officers or agents designated by the Board shall each have authority to sign and execute on behalf of the Corporation, all authorized contracts, or other instruments.

Section 9 – Compensation.

Officers, as such, shall not receive any stated salary or compensation for their services rendered as an officer; however, nothing herein contained shall be construed to preclude any Officer from serving the Corporation in any other capacity and receiving compensation for that service.

ARTICLE VI
INDEMNITY

Section 1 – Indemnity.

The Corporation shall indemnify and hold harmless to the full extent permitted by law any person who was, or is, a party or is threatened to be made a party to any threatened, pending or completed action, suit or proceeding, whether civil, criminal, administrative or investigative, by reason of the fact that he or she is or was a Director, Officer, Member or Executive Director of the Corporation, against expenses (including attorneys' fees), judgments, fines and amounts paid in settlement actually and reasonably incurred by him or her in connection with such action, suit or proceeding if he or she acted in good faith and in a manner he or she reasonably believed to be in or not opposed to the best interests of the Corporation, and with respect to any criminal action or proceeding, had no reasonable cause to believe his or her conduct was unlawful. This Section of Article VI of the Bylaws has been approved by the Member for the benefit of the persons covered thereby.

Section 2 – Insurance.

The Board may cause the Corporation to procure and maintain insurance in such amounts and in such form as the Board may deem necessary or desirable in order to indemnify the Corporation and the Directors and the Officers against any expense, cost or liability of the kind or nature referred in Section 1 of this Article VI.

ARTICLE VII
DISSOLUTION

Section 1 – Dissolution.

Upon dissolution or termination of this Corporation, all assets held by this Corporation, of whatever kind, shall be paid over and delivered to Commonwealth Catholic Charities, if then existing, or, if not, the Catholic Diocese of Richmond, Virginia, to be used for the religious, charitable, or educational mission of the Roman Catholic Church. Commonwealth Catholic Charities, if then existing, or, if not, the Catholic Diocese of Richmond shall adhere to any donor imposed restrictions on these assets in accordance with the Corporation's gift acceptance policy and the endowment agreement.

ARTICLE VIII
MISCELLANEOUS

Section 1 – Signature of Checks, Drafts, and Contracts for Services.

Checks, drafts and contracts for services drawn against funds of the Corporation or executed for the benefit of the Corporation, respectively, shall be signed by the Executive Director or such other persons or in such manner as designated by the Executive Director.

Section 2 – Amendments.

Amendments to these Bylaws initiated by Member do not require the approval of the Board. All other amendments to these Bylaws shall be approved by the Board at any regular or special meeting by the affirmative vote of two-thirds of the Directors. Notice of the substance of any proposed amendment shall be given in writing to all Directors at least five (5) days prior to the meeting at which such amendment is to be submitted, unless such notice be waived in writing filed with the records of the Corporation. Such Amendments shall become effective unless disapproved by the Member in accordance with the Articles of Incorporation.

Section 3 – General.

Any matters not specifically covered by these Bylaws and the Articles of Incorporation shall be governed by the provisions of the Code of Virginia at the time in question.

Section 4 – Fiscal Year.

The fiscal year of the Corporation shall end on the last day of September in each year.

Section 5 – Bylaws Implementation.

The Corporation shall conform to the Bylaws in a reasonably timely manner, as determined by the Member and/or Chairperson of the Corporation.

Approved by the sole member of The Commonwealth Catholic Charities Housing Corporation.

Dated:

10/23/20



**The Most Reverend Barry C. Knestout
Bishop of the Catholic Diocese of Richmond
Sole Member of the Commonwealth Catholic
Charities Housing Corporation of the Diocese of
Richmond, and his successors in office**



Non-profit Questionnaire

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

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

1. General Information

- Name of development: Saint Elizabeth Apartments
- Name of owner/applicant: Saint Elizabeth Apartments LLC
- Name of non-profit entity: People Incorporated Housing Group
- Address of principal place of business of non-profit entity:
1173 West Main Street Abingdon, VA 24210
- Tax exempt status: 501(c)(3) 501(c)(4) 501(a)
- Date of legal formation of non-profit (must be prior to application deadline); 2-22-2002
evidenced by the following documentation: State Corporate Commission letter available upon request.
- Date of IRS 501(c)(3) or 501(c)(4) determination letter (must be prior to application deadline and copy must be attached):
6-29-2003
- Describe exempt purposes (must include the fostering of low-income housing in its articles of incorporation):
The purpose of the corporation is affordable community housing development and improvement for low to moderate-income families.
- How many full time, paid staff members does the non-profit and, if applicable, any other non-profit organization(s) ("related non-profit(s)") of which the non-profit is a subsidiary or to which the non-profit is otherwise related have (i.e. by shared directors, staff, etc.)?
221 How many part time, paid staff members? 30
- Describe the duties of all staff members:
People Incorporated of Virginia and People Incorporated Housing Group share staff.

Non-profit Questionnaire, cont'd

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

Yes No If yes, explain in detail: _____

- What are the sources and manner of funding of the non-profit? (You must disclose all financial and/ or the arrangements with any individual(s) or for profit entity, including anyone or any entity related, directly, indirectly, to the Owner of the Development

People Incorporated of Virginia provides services through 30 unique programs to low and moderate income individuals and families. These programs are funded through a variety of funding sources including state, local, federal and private grants. (Audit available upon request)

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

Please see attached list.

2. Non-profit Formation

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

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

Yes No If yes, explain in detail:

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

Yes No If yes, explain:

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

Yes No If yes, explain:

Non-profit Questionnaire, cont'd

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

Yes No, If yes, explain: _____

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

Yes No

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

3. Non-profit Involvement

- Is the non-profit assured of owning an interest in the Development (either directly or through a wholly owned subsidiary) throughout the Compliance Period (as defined in

§42(i)(1) of the Code)?

Yes No

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

Yes No

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

Yes No

If no to either 3a.i or 3a.ii above, specifically describe the non-profit's ownership interest:
People Incorporated Housing Group will own 25% of the managing member.

- (i) Will the non-profit be the managing member or managing general partner?

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

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

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

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

Non-profit Questionnaire, cont'd

Recordable agreement attached to the Tax Credit Application as TAB V

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

CCCHC will hold the right of first refusal.

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

Yes No If yes,

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

People Incorporated Housing Group will provide advisory services related to design, finance and construction. People Incorporated Housing Group will participate in the review of project plans, progress meetings and the project schedule to ensure timely completion.

- (ii) Describe the nature and extent of the non-profit's involvement in the operation or management of the Development throughout the Extended Use Period (the entire time period of occupancy restrictions of the low-income units in the Development):
People Incorporated Housing Group owns 25% of the managing member.
-
-

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

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

People Incorporated Housing Group's involvement will include development and construction advisory services to the project.

- Is a for profit entity providing development services (excluding architectural, engineering, legal, and accounting services) to the proposed development?

Yes No If yes,

(i) explain the nature and extent of the consultant's involvement in the construction or rehabilitation and operation or management of the proposed development.

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

People Incorporated Housing Group will be entitled to a fee of the greater of (i) 5% of total developer fee from CCCHC, or (ii) \$64,650, which fee will be paid at construction finance closing.

Non-profit Questionnaire, cont'd

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

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

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

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

None.

Non-profit Questionnaire, cont'd

4. Virginia and Community Activity

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

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

VA: Allegheny, Bedford, Bland, Botetourt, Bristol, Buchanan, Carroll, Clarke, Covington, Craig, Culpeper, Dickenson, Essex, Fauquier, Floyd, Franklin, Frederick, Galax, Giles, Grayson, Lee, Loudon, Manassas, Manassas Park, Montgomery, Norton, Page, Patrick, Prince William, Pulaski, Radford, Rappahannock, Roanoke, Russell, Salem, Scott, Shenandoah, Smyth, Tazewell, Warren, Washington.

- Does the non-profit or, if applicable, related non-profit have experience serving the community where the proposed development is located (including advocacy, organizing, development, management, or facilitation, but not limited to housing initiatives)?

Yes No If yes, or no, explain nature, extent and duration of any service:

People Incorporated of Virginia, PIHG's parent company, is the designated Community Action Agency for the Counties of Washington, Russell, Dickenson, Buchanan,

Page, Clarke, Frederick, Warren, Rappahannock, Shenandoah, Culpeper, Prince William and Fauquier, as well as the Cities of Manassas, Manassas Park and Bristol.

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

Article VI of the bylaws, available upon request.

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

Yes No

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

Yes No If yes, explain:

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

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

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

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

Non-profit Questionnaire, cont'd

- Are no more than 33% of the members of the board of directors representatives of the public sector (i.e. public officials or employees or those appointed to the board by public officials)? Yes No
- Does the board of directors hold regular meetings which are well attended and accessible to the target community? Yes No If yes, explain the meeting schedule:
The Board holds regularly scheduled meetings that are accessible to the target community.

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

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

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

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

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

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

Non-profit Questionnaire, cont'd

5. Attachments

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

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

March 7, 2022
Date

Saint Elizabeth Apartments LLC

Owner/Applicant

By: 


CEO of Commonwealth Catholic Charities Housing Corporation,
Co-Managing Member of CCC Fourquare LLC,
Its: Managing Member

Title

March 7, 2022
Date

People Incorporated Housing Group

Non-profit

By: 

Board Chairman

By: 

Executive Director

**People Incorporated Housing Group
2021-2022**

David McCracken - Chair

518 S. Monte Vista Drive, #6
Glade Spring, VA 24340
Cell: 276-356-1856
Phone: 276.429.5480
dmac1960@embarqmail.com

Tony Hooper

87 Dennison St.
Fredericksburg, VA 22406
540.373.1047
email: NThooper@gmail.com

John Ayers

115 Lou Jake Lane
Edinburg, VA 22824
john.ayers20@gmail.com
Cell: 540-335-2416
Home: 540-984-8357

Winona Fleenor

Virginia Highlands Community College
P. O. Box 828
Abingdon, VA 24212
(276) 739-2493
wfleenor@vhcc.edu

Tommy Burris-Secretary

1235 West State St., Unit #12
Bristol, VA 24201
Cell: 276.494.1794
Email: mickeyPTS2012@yahoo.com
Email: mickeypts20@yahoo.com

Sally Jones

Washington County Public Library
205 Oak Hill St. NE
Abingdon, VA 24210
sjones@wcpl.net
Work: 276-628-6222

Anita Robinson

P. O. Box 670
Castlewood, VA 24224
Work Phone: 888-201-2772 X2014
Home Phone:
Email: arobinson@svlas.org

Billy Taylor-Vice-Chair

837 Portsmouth Ave., Apt. A15
Bristol, VA 24201
cell: 757.235.3911
email: BillyPaulTaylor@gmail.com

Phil McCall-Treasurer

24597 Walden Rd
Abingdon, VA 24210
Home: 276628-4536
Cell: 276-698-8040
email: pmccall@washcova.com

Walter Mahala

26101 Old Saltworks Rd
Abingdon, VA 24210
423.727.7387
276.685.9036 cell

Kathy (wife – CVS Pharmacy – 628.8119)

Chris Shortridge

(1025 Maple Street)
P. O. Box 288
Grundy, VA 24614
276.935.8437
276.935.4286
Email: cjproperties@verizon.net
Cell: 276.701.0112

Jan Selbo

178 Main St.
Warrenton, VA 20186
540.229.2036 cell
540.229.2742 Keith's
540.341.0036 home
jselbo@gmail.com

Peggy Kiser

740 Dyers Chapel Rd
Clinchco, VA 24226
Home: 276-835-7019
Cell: 276-365-5415
pkiser@dickensonva.org

People Incorporated

List and Status of LIHTC Developments

<u>Project Name</u>	<u>Owner Entity</u>	<u>GP/MM/Developer</u>	<u>Location</u>	<u>Date of Application</u>	<u>Current Status</u>
Deskins Apartments	Buchanan County Housing Limited Partnership	Deskins Apartments, LP/People Incorporated of Southwest Virginia	Vansant	March 13, 1998	Operational/Compliance
White's Mill Point	White's Mill Point, LP	Mill Point Apartments, Inc./People Incorporated of Southwest Virginia	Abingdon	March 2004	Operational/Compliance
Abingdon Green	Abingdon Green, LP	People Inc. Housing Group	Abingdon	March 9, 2007	Operational/Compliance
Dante Crossing	Dante Crossing, LLC	Dante Crossing Apartments Management, Inc./Southwest Virginia Housing Corp	Dante	March 9, 2007	Operational/Compliance
Norton Green	Norton Green, LLC	People Inc. Housing Group	Norton	Mach 9, 2007	Operational/Compliance
Pulaski Village	Pulaski Village, LLC	People Inc. Housing Group	Pulaski	March 9, 2007	Operational/Compliance
Sweetbriar	Sweetbriar, LP	Sweetbriar Apartments Management Inc./Southwest Virginia Housing Corp	Abingdon	March 9, 2007	Operational/Compliance
Jonesville Manor	Jonesville Manor, LLC	People Inc. Housing Group	Jonesville	February 13, 2008	Operational/Compliance
Valley Vista	Valley Vista Apartments, LLC	People Inc. Housing Group	Woodstock	February 13, 2008	Operational/Compliance
Riverside Place	Riverside Place Apartments, LLC	People Inc. Housing Group	Damascus	May 14, 2009	Operational/Compliance
Toms Brook School	Toms Brook School Apartments, LLC	People Inc. Housing Group	Toms Brook		Operational/Compliance
Abingdon Village	Abingdon Village Apartments, LLC	People Inc. Housing Group	Abingdon	March 10, 2011	Operational/Compliance
Clinch View Manor	Clinch View Manor Apartments, LLC	People Inc. Housing Group	Gate City	March 10, 2011	Operational/Compliance
Spruce Hill Manor	Spruce Hill Apartments, LLC	People Inc. Housing Group		March 10, 2011	Operational/Compliance
West Lance Apartments	West Lance Apartments, LLC	People Inc. Housing Group	New Castle	March 10, 2011	Operational/Compliance
Abingon Terrace	Abingdon Terrace Apartments, LLC	People Inc. Housing Group	Abingdon	March 14, 2012	Operational/Compliance
Brunswick Manor	Brunswick Manor Apartments, LLC	Brunswick Management, LLC	Lawrenceville	March 6, 2015	Operational/Compliance
Essex Manor	Essex Manor Apartments, LLC	Essex Management, LLC/People Inc. Housing Group	Tappahannock	March 4, 2016	Operational/Compliance

Pennington Gap	Pennington Gap Apartments, LLC	Pennington Gap Management, LLC/People Inc. Housing Group	Pennington Gap	March 4, 2016	Operational/Compliance
Culpeper Crossing	Culpeper Crossing, LLC	Culpeper Crossing Management, LLC/People Inc. Housing Group	Culpeper	March 3, 2017	Operational/Compliance
Millview Apartments	Millview Apartments, LLC	Millview Management, LLC/People Inc. Housing Group	Remington	March 3, 2017	Operational/Compliance
Luray Meadows	Luray Meadows, LLC	Luray Meadows, L.L.C./People Inc. Housing Group	Luray	March 3, 2017	Construction
Sweetbriar II Apartments	Sweetbriar II Apartments, LLC	Sweetbriar II Apartments Management, LLC/People Inc. Housing Group	Abingdon	March 12, 2020	Construction
Baileyton Terrace	Baileyton Terrace Owner LLC	TNRD MM LLC/People Inc. Housing Group	Greeneville	May 29, 2019	Operational/Compliance
Greeneville Landing	Greeneville Owner LLC	TNRD MM LLC/People Inc. Housing Group	Greeneville	May 29, 2019	Operational/Compliance
Jamestown Village	Jamestown Village Owner LLC	TNRD MM LLC/People Inc. Housing Group	Jamestown	May 29, 2019	Operational/Compliance
Mountain City Manor	Mountain City Manor Owner LLC	TNRD MM LLC/People Inc. Housing Group	Mountain City	May 29, 2019	Operational/Compliance
Newport Village	Newport Village Owner LLC	TNRD MM LLC/People Inc. Housing Group	Newport	May 29, 2019	Operational/Compliance
Tazewell Village	Tazewell Village Owner LLC	TNRD MM LLC/People Inc. Housing Group	New Tazewell	May 29, 2019	Operational/Compliance

Development Name	Location	Date of Application	Non-Profit's role	Ownership Status	Name of JV	Name of GC	MGMT entity	Current Status
Village Estates	Victoria, VA	2014	10% Member and ROFR	SAME	HEGM: Gary D. Ellis, Timothy Gunderman, Melvin B. Melton	WB Properties	GEM	PIS
Country Estates	Farmville, VA	2014	10% Member and ROFR	SAME	HEGM: Gary D. Ellis, Timothy Gunderman, Melvin B. Melton	WB Properties	GEM	PIS
Plaza Apartments	Dublin, VA	2014	10% Member and ROFR	SAME	HEGM: Gary D. Ellis, Timothy Gunderman, Melvin B. Melton	WB Properties	GEM	PIS
Woods Landing	Damascus, VA	2014	10% Member and ROFR	SAME	HEGM: Gary D. Ellis, Timothy Gunderman, Melvin B. Melton	WB Properties	GEM	PIS
Washington Court	Abingdon, VA	2012	10% Member and ROFR	SAME	HEGM: Gary D. Ellis, Timothy Gunderman, Melvin B. Melton	WB Properties	GEM	PIS
New River Overlook	Radford, VA	2013	10% Member and ROFR	SAME	HEGM: Gary D. Ellis, Timothy Gunderman, Melvin B. Melton	WB Properties	GEM	PIS
East Gate Village	Gordonsville, VA	2018	10% Member and ROFR	SAME	Surber Development and Consulting LLC: Jennifer E. H. Surber	Peacock Holland	GEM	PIS
Mountain Laurel Manor II	Staunton, VA	2018	10% Member and ROFR	SAME	Surber Development and Consulting LLC: Jennifer E. H. Surber	WB Properties	GEM	PIS
Mountain Laurel Manor III	Staunton, VA	2020	10% Member and ROFR	SAME	Surber Development and Consulting LLC: Jennifer E. H. Surber	Peacock Holland	GEM	Under construction
Brady Square	Richmond, VA	2020	10% Member and ROFR	SAME	DPI, LLC: Roberto Arista	Dakota Partners	Lawson Management	Predevelopment

Tab J:

Relocation Plan and Unit Delivery Schedule
(MANDATORY-Rehab)

N/A

Tab K:

Documentation of Development Location:

Tab K.1

Revitalization Area Certification



Revitalization Area

General Instructions

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

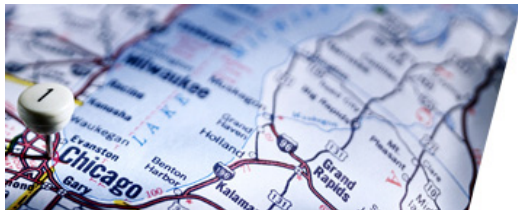
Designation

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

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

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

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



2021 and 2022 Small DDAs and QCTs

1031 Fourquaren Lane, richmond, va

Go

Select a State

Select a County

Go

Map Options : Clear | Reset | Full Screen

QCT Legend:

Tract Outline



LIHTC Project



2022 Qualified Census Tracts

SADDA Legend:

FMR Boundary

ZCTA Boundary



2022 Small DDA



Part DDA



Non Metro DDA

Hide the overview

The 2022 Qualified Census Tracts (QCTs) and Difficult Development Areas (DDAs) are effective January 1, 2022. The 2022 designations use data from the 2010 Decennial census. The designation methodology is explained in the federal Register notice published September 9, 2021

Map Options

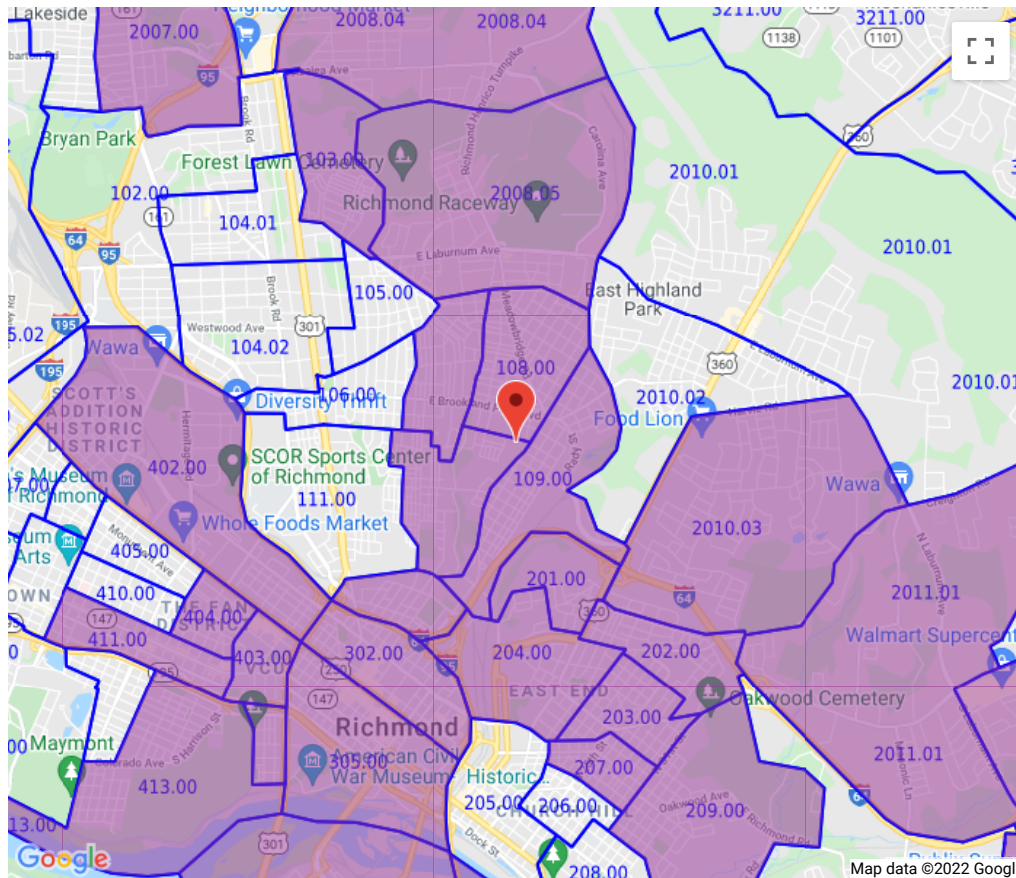
13 Current Zoom Level

- Show Difficult Development Areas (Zoom 7+)
- Color QCT Qualified Tracts (Zoom 7+)
- Show Tracts Outline (Zoom 11+)
- Show FMR Outlines (Zoom 4+)
- Show LIHTC Projects (Zoom 11+)

[Click here for full screen map](#)

Select Year

- 2022
- 2021



◀ 1.8K

About PD&R

- PD&R Mission
- Organization Chart
- PD&R Events
- HUD Secretary's Awards

Reference

- Contact Us
- eBookstore
- HUDUser Archives
- Webstore

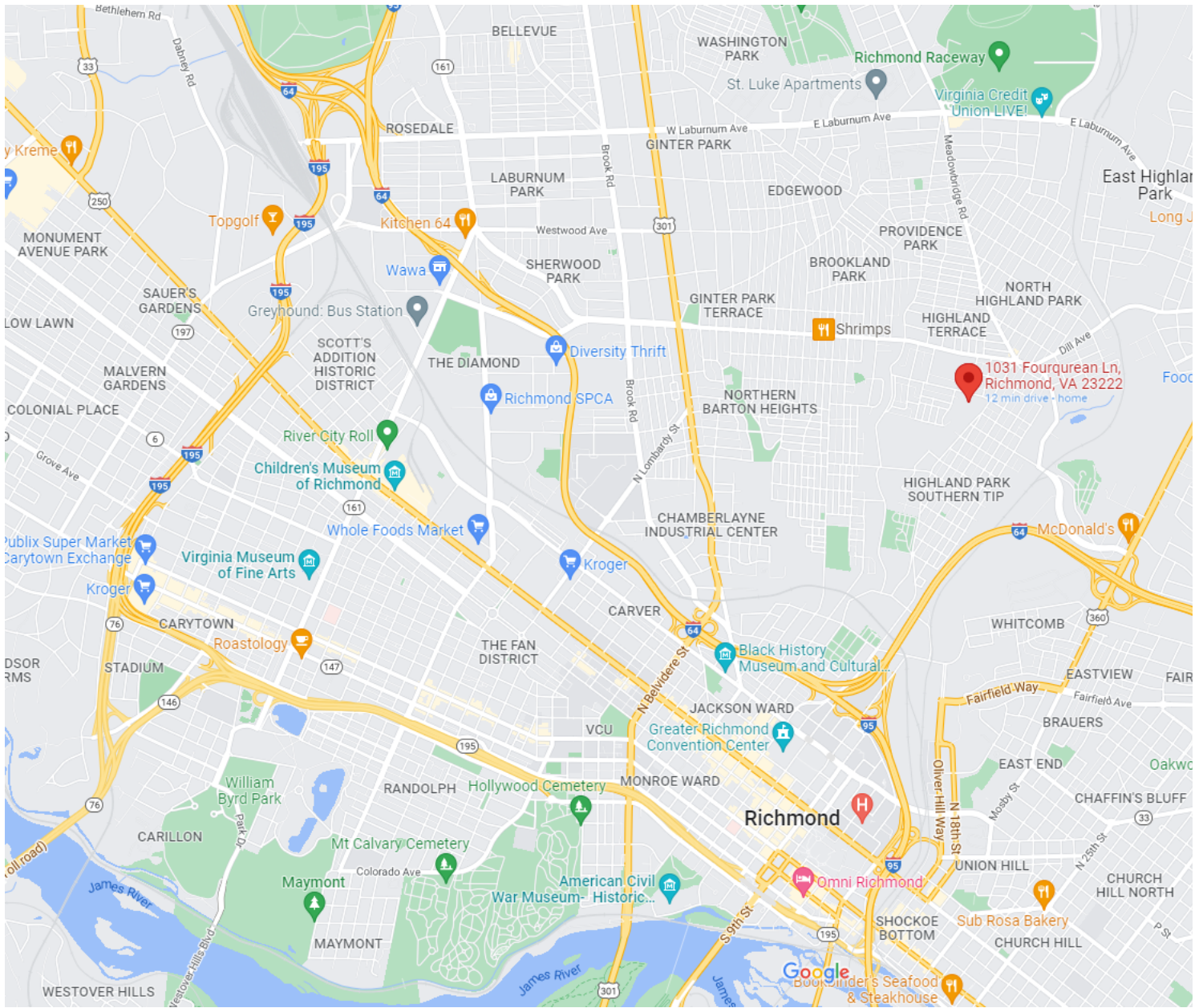
Research

- Case Studies
- Datasets
- Periodicals
- Regulatory Barriers Clearinghouse
- Reports

Tab K.2

Location Map

Google Maps 1031 Fourquaren Ln








Map data ©2022 Google 2000 ft

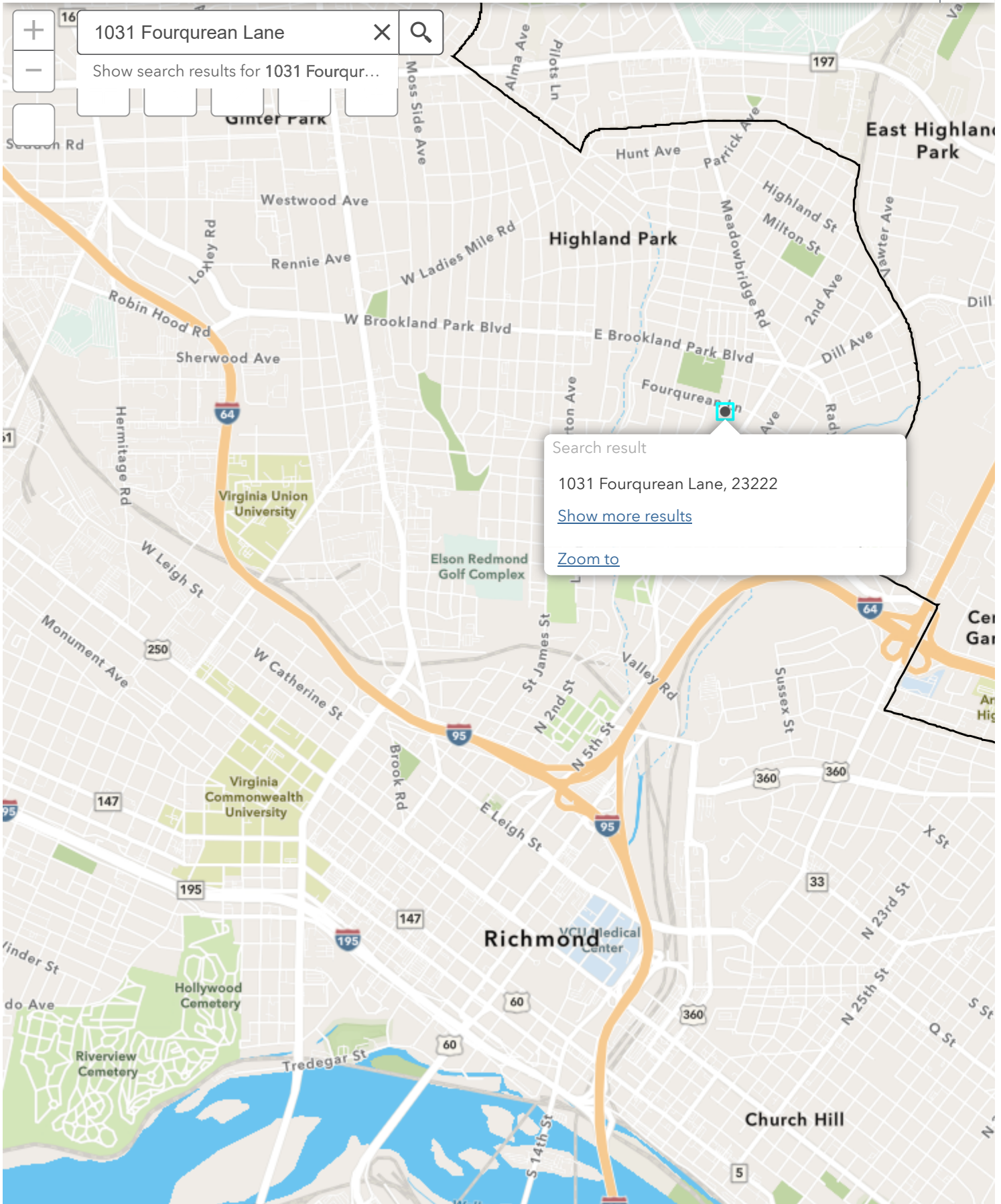


1031 Fourquaren Ln

Building

- 
Directions
- 
Save
- 
Nearby
- 
Send to your phone
- 
Share

 1031 Fourquaren Ln, Richmond, VA 23222



Show search results for 1031 Fourquare Lane

Search result

1031 Fourquare Lane, 23222

[Show more results](#)

[Zoom to](#)

0.4mi

-77.311 37.587 Degrees

Tab K.3

Surveyor's Certification of Proximity To Public
Transportation

Surveyor's Certification of Proximity to Transportation

DATE: 2/8/2022

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

RE: 2022 Tax Credit Reservation Request

Name of Development: Saint Elizabeth Apartments
Name of Owner: Saint Elizabeth Apartments LLC

Ladies and Gentlemen:

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

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

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



Timmons Group

Firm Name

By: 

Its: Senior Project Manager
Title

Tab L:

PHA / Section 8 Notification Letter



PHA or Section 8 Notification Letter

Development Name: Saint Elizabeth Apartments

Tracking #: 2023-ASH-06

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

General Instructions

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

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

PHA or Section 8 Notification Letter

DATE: 2/2/2022

TO: Kenyatta Green
Interim Chief Operating Officer

Sent via Email

RE: PROPOSED AFFORDABLE HOUSING DEVELOPMENT

Name of Development: Saint Elizabeth Apartments
Name of Owner: Saint Elizabeth Apartments LLC

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

The following is a brief description of the proposed development:

Development Address:
1031 Fourquarean Lane
Richmond, VA 23222

Proposed Improvements:

<input checked="" type="checkbox"/> New Constr.:	<u>56</u>	# units	<u>14</u>	# Bldgs
<input type="checkbox"/> Adaptive Reuse:	<u> </u>	# units	<u> </u>	# Bldgs
<input type="checkbox"/> Rehabilitation:	<u> </u>	# units	<u> </u>	# Bldgs

Proposed Rents:

<input checked="" type="checkbox"/> Efficiencies:	\$ <u>653</u>	/ month
<input checked="" type="checkbox"/> 1 Bedroom Units:	\$ <u>697 - 863</u>	/ month
<input checked="" type="checkbox"/> 2 Bedroom Units:	\$ <u>822 - 1,021</u>	/ month
<input checked="" type="checkbox"/> 3 Bedroom Units:	\$ <u>1,152 - 1,263</u>	/ month
<input type="checkbox"/> 4 Bedroom Units:	\$ <u> </u>	/ month

Other Descriptive Information:

The Saint Elizabeth Apartments is a new construction development in the Green Park neighborhood of Richmond, VA. The 56-unit development will include a community building, outdoor recreation area, ample parking, 504 accessible units, and is located in close proximity to public transit, parks, and commercial corridors.

PHA or Section 8 Notification Letter

We appreciate your assistance with identifying qualified tenants.

If you have any questions about the proposed development, please call me at ~~(804) 544-5975~~.

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

Sincerely yours,

Jason "Jay" Brown

Name

CEO

Title

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

Seen and Acknowledged By: Kenyatta D. Green

Printed Name: Kenyatta Green

Title: Interim Chief Housing Officer

Phone: (804) 780-3491

Date: ~~2/2/2022~~ 03.09.2022

Tab M:

Locality CEO Response Letter



St Elizabeth Catholic Church

*1301 Victor St
Richmond, VA 23222
804-329-4599
www.stelizcc.org*

To Whom it May Concern:

This letter is to express my support of Ordinance 2021-028, the special use permit application for 1031 Fourquaren Lane, 1031 Rear Fourquaren Lane, and 1101 Fourquaren Lane for the purpose of a multifamily development containing up to 56 dwelling units. The proposed development has been shaped through an ongoing community engagement process over the past two years, resulting in a project that is sensitive to the Green Park community's wants, needs, and concerns. The low-density development features ample parking for residents, preservation of green space, and architecture appropriate to the neighborhood's character. Additionally, the proposed development would create high quality, accessible, and affordable housing options in Northside for Richmond residents while growing the City's tax base through the development of vacant land. This project will be of great benefit to this community and a good use of the land. Creating affordable housing options to help support the community is so important to have, especially at a time like this.

I urge you to vote in favor of this special use permit application to enable responsible development, beneficial to both the City and Green Park community.

Sincerely,

A handwritten signature in blue ink that reads "Fr. Jim Arsenault".

Fr. Jim Arsenault

A handwritten signature in blue ink, possibly reading "Fr. Jim Arsenault", with a horizontal line underneath.

Ebinger, Matthew J. - PDR

From: Karen Lucas <karenklucas@hotmail.com>
Sent: Monday, February 15, 2021 6:24 PM
To: Ebinger, Matthew J. - PDR
Subject: To Whom it Mat Concern

CAUTION: This message is from an external sender - Do not open attachments or click links unless you recognize the sender's address and know the content is safe.

This communication is our personal effort in support of Ordinance 2021-028, the special use permit for 1031 Fourquarean Lane, 1031 Fourquarean Rear Lane, and 1101 Fourquarean Lane for the purpose of initiating development of a multifamily unit containing 56 individual dwellings. This proposed development has been shaped through an ongoing community engagement process over the past two years, that led to a project that is sensitive the Green Park community's wants, needs and concerns. This low density development features ample parking for resident's, the preservation of green space, and architecture appropriate to the neighborhood's character. In addition, the proposed development would create high-quality, accessible and affordable housing options in Northside for Richmond residents while growing the City's tax base through the development of vacant land.

We most heartily urge you to vote in favor of this special use permit application to enable responsible development, beneficial to both the City and Green Park community.

Sincerely, Nick and Karen Lucas

Ebinger, Matthew J. - PDR

From: Jim Carreras <j.carrerasjr@comcast.net>
Sent: Friday, February 12, 2021 8:51 AM
To: Ebinger, Matthew J. - PDR
Cc: Smith, Lori
Subject: Saint Elizabeth Apartments Ordinance 2021-028

CAUTION: This message is from an external sender - Do not open attachments or click links unless you recognize the sender's address and know the content is safe.

The citizens of Richmond are in need of good Afforda for these apartments They will be a great benefit to the Highland Park neighborhood.

To Whom it May Concern:

This letter is to express my support of Ordinance 2021-028, the special use permit application for 1031 Fourquarean Lane, 1031 Rear Fourquarean Lane, and 1101 Fourquarean Lane for the purpose of a multifamily development containing up to 56 dwelling units. The proposed development has been shaped through an ongoing community engagement process over the past two years, resulting in a project that is sensitive to the Green Park community's wants, needs, and concerns. The low-density development features ample parking for residents, preservation of green space, and architecture appropriate to the neighborhood's character. Additionally, the proposed development would create high quality, accessible, and affordable housing options in Northside for Richmond residents while growing the City's tax base through the development of vacant land.

I urge you to vote in favor of this special use permit application to enable responsible development, beneficial to both the City and Green Park community.

Sincerely,

Daniel Villar

February 10, 2021

To Whom it may concern:

This letter is to express my support for the special use permit application for the proposed multifamily development at 1031 Fourquaren Lane, 1031 Rear Fourquaren Lane, and 1101 Fourquaren Lane. As a resident of the City of Richmond, the growing need for affordable housing is clear. This development would be a step in the right direction for providing an affordable rental option for low-income Richmond residents.

Sincerely,

A handwritten signature in black ink that reads "Hannah Mason". The signature is written in a cursive style with a large, stylized "H" and "M".

Hannah Mason

To Whom it may concern:

This letter is to express my support for the special use permit application for the proposed multifamily development at 1031 Fourquarean Lane, 1031 Rear Fourquarean Lane, and 1101 Fourquarean Lane. The proposed development has been shaped through an ongoing community engagement process over the past two years, resulting in a project that is sensitive to the Green Park community's wants, needs, and concerns. After reviewing the proposal, it is clear that the development features plenty of parking for residents, preservation of green space, and architecture appropriate to the neighborhood's character. Additionally, the proposed development would create high quality, accessible, and affordable housing options in Northside for Richmond residents while growing the City's tax base through the development of vacant land.

While the city of Richmond has made great headway in affordable single-family housing, experts in the field continue to indicate that the largest gap in housing in the city is affordable rental housing. This development would be a great housing opportunity for the city's low-income residents.

I urge you to vote in favor of this special use permit application to enable responsible development, beneficial to both the City and Green Park community.

Sincerely,

A handwritten signature in black ink, appearing to read "Matt Morgan", with a long horizontal flourish extending to the right.

Matthew Morgan

Tab N:

Homeownership Plan

N/A

Tab O:

Plan of Development Certification Letter



CITY OF RICHMOND

DEPARTMENT OF
PLANNING AND DEVELOPMENT REVIEW
ZONING ADMINISTRATION

Plan of Development Certification

DATE: March 11, 2021

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

RE: PLAN OF DEVELOPMENT CERTIFICATION

Name of Development:	<u>Saint Elizabeth Apartments</u>
Name of Owner/Applicant:	<u>Saint Elizabeth Apartments LLC</u>
Name of Seller/Current Owner:	<u>Catholic Diocese of Richmond</u>

The above-referenced Owner/Applicant has asked this office to complete this form letter regarding the site plan of the proposed Development (more fully described below). This certification is rendered solely for the purpose of confirming the status of plan of development or site plan approval of the Development. It is understood that this letter will be used by the Virginia Housing Development Authority solely for the purpose of determining whether the Development qualifies for points available under VHDA's Qualified Allocation Plan.

DEVELOPMENT DESCRIPTION:

Development Address: 1031 Fourquaren Lane; 1031 Fourquaren Lane Rear; 1101 Fourquaren Lane

Legal Description: Parcel ID: N0000803063, N0000803002,
N0000803004 See attached legal description

Plan of Development Number: _____

Proposed Improvements:

<input checked="" type="checkbox"/> New Construction:	<u>56</u>	# Units	<u>15</u>	# Buildings	<u>52585</u>	Total Floor Area
<input type="checkbox"/> Adaptive Reuse:	<u> </u>	# Units	<u> </u>	# Buildings	<u> </u>	Total Floor Area
<input type="checkbox"/> Rehabilitation:	<u> </u>	# Units	<u> </u>	# Buildings	<u> </u>	Total Floor Area

Other Descriptive Information:

LOCAL CERTIFICATION:

Check one of the following as appropriate:

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

The above plan of development approval is in effect until: _____



Signed

William C. Davidson

Printed Name

Zoning Administrator

Title

804-646-6353

Phone

March 11, 2021

Date

Tab P:

Developer Experience documentation and Partnership agreements

Tab P:

Documentation of Developer Experience documentation and Partnership agreements

Saint Elizabeth Apartments

Application 2023-ASH-06

Commonwealth Catholic Charities Housing Corporation is partnering with People Incorporated Housing Group (PIHG) for the development of the Saint Elizabeth Apartments. In order to demonstrate PIHG's development experience, we have included the Operating Agreement, Org Chart and 8609 for four projects. We have included the aforementioned documents for each of the following four deals, Culpepper Crossing, Millview Apartments, Pennington Gap Apartments, and Essex Manor Apartments, and certify that each is active with no reported compliance issues remaining uncured.

Project	Operating Agreement	Org Chart	8609	No. of Units
Culpepper Crossing	X	X	X	28
Millview Apartments	X	X	X	28
Pennington Gap Apartments	X	X	X	40
Essex Manor Apartments	X	X	X	40

VHDA Experienced LIHTC Developers

Notes:

Updated: 2/09/2022

I Listed if 'named' Controlling General Partner or Managing Member (as confirmed by supporting documentation)

I Listed if documentation supported at least 6 LIHTC developments

I Listed if a principal who has developed at least 3 LIHTC deals and has at least \$500,000 in liquid assets

See LIHTC Manual for instructions on being added to this list

INDIVIDUALS

1 Alexander, Randall P.	29 Fitch, Hollis M.	60 Melton, Melvin B.
2 Arista, Roberto	30 Fore, Richard L.	61 Midura, Ronald J.
3 Asarch, Chad	31 Franklin, Wendell C.	62 Mirmelstein, George
4 Ayd, Tom	32 Franklin, Taylor	63 Nelson, IV, John M.
5 Barnhart, Richard K.	33 Friedman, Mitchell M.	64 Orth, Kevin
6 Baron, Richard	34 Gardner, Mark E.	65 Page, David
7 Bennett, Vincent R.	35 Goldberg, Jeffrey	66 Parent, Brian
8 Burns, Laura P.	36 Gunderman, Timothy L.	67 Park, Richard A.
9 Chapman, Tim	37 Haskins, Robert G.	68 Park, William N.
10 Cohen, Howard Earl	38 Hardee, Carl	69 Pasquesi, R.J.
11 Connelly, T. Kevin	39 Heatwole, F. Andrew	70 Pedigo, Gerald K.
12 Connors, Cathy	40 Honeycutt, Thomas W.	71 Poulin, Brian M.
13 Copeland, M. Scott	41 Hunt, Michael C.	72 Queener, Brad
14 Copeland, Robert O.	42 Iglesias, Adrian	73 Rappin, Steve
15 Copeland, Todd A.	43 Jaeger, Jeffrey	74 Ripley, F. Scott
16 Cordingley, Bruce A.	44 Jester, M. David	75 Ripley, Ronald C.
17 Counselman, Richard	45 Johnston, Thomas M.	76 Ross, Stephen M.
18 Crosland, Jr., John	46 Jones Kirkland, Janice	77 Salazar, Tony
19 Curtis, Lawrence H.	47 Kirkland, Milton L.	78 Sari, Lisa A.
20 Daigle, Marc	48 Kittle, Jeffery L.	79 Sciocitino, Richard
21 Dambly, Mark H.	49 Koogler, David M.	80 Sinito, Frank T.
22 Deutch, David O.	50 Koogler, David Mark	81 Stockmaster, Adam J.
23 Dischinger, Chris	51 Lancaster, Dale	82 Stoffregen, Phillip J.
24 Douglas, David D.	52 Lawson, Phillip O.	83 Surber, Jen
25 Edmondson, Jim	53 Lawson, Steve	84 Valey, Ernst
26 Edson, Rick	54 Leon, Miles B.	85 Uram, David
27 Ellis, Gary D.	55 Lewis, David R.	86 Wilson, Stephen
28 Fekas, William L.	56 Levitt, Michael	87 Woda, Jeffrey J.
	57 Margolis, Robert B.	88 Wohl, Michael D.
	58 McCormack, Kevin	89 Wolfson, III, Louis
	59 McNamara, Michael L.	

NON-PROFITS, LHAS & (PUBLICLY TRADED) CORPORATIONS

- 1 AHC, Inc.
- 2 Alexandria RHA
- 3 Arlington Partnership for Affordable Housing (APAH)
- 4 Atlantic Housing Foundation, Inc.
- 5 Better Housing Coalition
- 6 Buckeye Community Hope Foundation
- 7 Community Housing Partners
- 8 Community Housing, Inc.
- 9 ElderHomes (dba Project: Homes)
- 10 Enterprise Homes, Inc
- 11 Fairfax County RHA
- 12 Homes for America, Inc.
- 13 Humanities Foundation, Inc.
- 14 Huntington Housing, Inc.
- 15 LEDIC Realty Company, LLC
- 16 Newport News RHA
- 17 NHT Communities
- 18 Norfolk Redevelopment Housing Authority
- 19 People Incorporated
- 20 Piedmont Housing Alliance
- 21 Preserving US, Inc.
- 22 Portsmouth RHA
- 23 RHA/Housing, Inc.
- 24 Rush Homes
- 25 The Community Builders
- 26 Virginia Supportive Housing
- 27 Virginia United Methodist Housing Development Corporation
- 28 Wesley Housing Development Corporation

EXECUTION COPY

**CULPEPER CROSSING, L.L.C.,
A VIRGINIA LIMITED LIABILITY COMPANY**

AMENDED AND RESTATED OPERATING AGREEMENT

As of December 16, 2019

THE MEMBERSHIP INTERESTS EVIDENCED BY THIS AMENDED AND RESTATED OPERATING AGREEMENT (THE "AGREEMENT") HAVE NOT BEEN REGISTERED WITH THE SECURITIES AND EXCHANGE COMMISSION UNDER THE SECURITIES ACT OF 1933 (THE "ACT") OR PURSUANT TO APPLICABLE STATE SECURITIES LAWS ("BLUE SKY LAWS"). ACCORDINGLY, THE MEMBERSHIP INTERESTS CANNOT BE RESOLD OR TRANSFERRED BY ANY PURCHASER THEREOF WITHOUT REGISTRATION OF THE SAME UNDER THE ACT AND THE BLUE-SKY LAWS OF SUCH STATE(S) AS MAY BE APPLICABLE, OR IN A TRANSACTION WHICH IS EXEMPT FROM THE REGISTRATION REQUIREMENTS OF THE ACT AND THE BLUE-SKY LAWS OR WHICH IS OTHERWISE IN COMPLIANCE THEREWITH. IN ADDITION, THE SALE OR TRANSFER OF SUCH MEMBERSHIP INTERESTS IS SUBJECT TO CERTAIN RESTRICTIONS SET FORTH IN THIS AGREEMENT, INCLUDING WITHOUT LIMITATION, THE RESTRICTIONS SET FORTH IN ARTICLE IX HEREOF.

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CULPEPER CROSSING, L.L.C.
A VIRGINIA LIMITED LIABILITY COMPANY

AMENDED AND RESTATED OPERATING AGREEMENT

THIS AMENDED AND RESTATED OPERATING AGREEMENT is made and entered into as of December 16, 2019, by and among Culpeper Crossing Management, LLC, a Virginia limited liability company (the "Managing Member"), People Incorporated of Virginia, a Virginia nonstock corporation, the Withdrawing Investor Member (the "Withdrawing Investor Member"), Housing Equity Fund of Virginia XXIII, L.L.C., a limited liability company formed under the laws of the Commonwealth of Virginia (the "Investor Member") and VAHM, L.L.C., a limited liability company formed under the laws of the Commonwealth of Virginia (the "Special Member").

WHEREAS, Peter Curcio organized Culpeper Crossing, L.L.C. (the "Company") pursuant to the terms of the Virginia Limited Liability Company Act (the "Act"), by filing Certificate of Organization (the "Certificate") with the State Corporation Commission of the Commonwealth of Virginia (the "State of Formation") on January 4, 2016;

WHEREAS, People Incorporated Housing Group, (the "Initial Managing Member"), and the Withdrawing Investor Member previously executed a limited liability company operating agreement pursuant to Section 13.1-1023(2) of the Code of Virginia effective February 29, 2016 (the "Original Operating Agreement") of the Company;

WHEREAS, Initial Managing Member withdrew for the Company and was replaced with Managing Member pursuant to that certain Amended Operating Agreement dated February 29, 2016 which agreement was amended April 24, 2017 to replace the Initial Managing Member with the Managing Member (the "Initial Operating Agreement");

WHEREAS, the Withdrawing Investor Member wishes to withdraw from the Company;

WHEREAS, the Investor Member and Special Member wish to join the Company as Investor Member and Special Member, respectively;

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

WHEREAS, the Company has been formed to develop, rehabilitate, own, maintain and operate a 28-unit low income housing tax credit development, located at 658 and 660 North East Street, Culpeper, Virginia (the "Project");

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

Investor Member from the Company; (iii) admit the Investor Member and Special Member to the Company as Members; and (iv) set forth all of the provisions governing the Company;

NOW, THEREFORE, in consideration of the foregoing, of mutual promises of the parties hereto and of other good and valuable consideration, the receipt and sufficiency of which hereby are acknowledged, the parties hereby agree to continue the Company pursuant to the Act, as set forth in this Amended and Restated Operating Agreement, which reads in its entirety as follows:

ARTICLE I
CONTINUATION OF COMPANY

1.01 Continuation. The undersigned hereby continue the Company as a limited liability company under the Act.

1.02 Name. The name of the Company is Culpeper Crossing, L.L.C.

1.03 Principal Place of Business. The principal place of business of the Company shall be 1173 Main Street, Abingdon, Virginia 24210. The Company may change the location of its principal place of business to such other place or places within the Commonwealth of Virginia as may hereafter be determined by the Managing Member. The Managing Member shall promptly notify all other Members of any change in the principal place of business. The Company may maintain such other offices at such other place or places as the Managing Member may from time to time deem advisable.

1.04 Agent for Service of Process. The name of the Agent for service of process is Peter Curcio, who is a resident of Virginia and a member of the Virginia State Bar, and whose address is 62 Commonwealth Avenue, Bristol, Virginia 24201.

1.05 Withdrawal of Withdrawing Investor Member and Admission of Investor Member and Special Member. The Withdrawing Investor Member hereby withdraws as a Member of the Company and represents and warrants that he/she/it has no interest in the Company and is not entitled to any fees, distributions, compensation or payments from the Company and that he/she/it has no interest in any property or assets of the Company. The Investor Member and Special Member are hereby admitted to the Company as the sole Investor Member and Special Member.

1.06 Term. The term of the Company commenced as of the date of the filing of the Certificate with the Secretary of the Commonwealth of Virginia, and shall continue in perpetuity, unless the Company is sooner dissolved in accordance with the provisions of this Agreement.

1.07 Recording of Articles. Upon the execution of this Amended and Restated Operating Agreement by the parties hereto, the Managing Member shall take all actions necessary to assure the prompt recording of an amendment to the Certificate if and as required by the Act, including filing with the State Corporation Commission of the Commonwealth of Virginia. All fees for filing shall be paid out of the Company's assets. The Managing Member shall take all

other necessary action required by law to perfect and maintain the Company as a limited liability company under the laws of the State and shall register the Company under any assumed or fictitious name statute or similar law in force and effect in the Commonwealth of Virginia.

ARTICLE II DEFINED TERMS

In addition to the terms defined in the preamble to this Agreement, the following terms used in this Agreement shall have the meanings specified below:

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

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

"Act" means the Virginia Limited Liability Company Act, as may be amended from time to time during the term of the Company.

"Actual Credit" means as of any point in time, the total amount of the LIHTC allocated by the Company to the Investor Member, representing ninety-nine and ninety-nine hundredths percent (99.99%) of the aggregate LIHTC reported and claimed by the Company and its Members on their respective federal information and income tax returns, and not disallowed by any taxing authority.

"Adjusted Capital Account Deficit" means, with respect to any Member, the deficit balance, if any, in such Member's Capital Account as of the end of the relevant fiscal period after giving effect to the following adjustments: (a) the credit to such Capital Account of any amounts which such Member is obligated to restore under this Agreement or is deemed to be obligated to restore pursuant to either (i) the penultimate sentences of Treas. Reg. §1.704-2(g)(1) and Treas. Reg. §1.704-2(i)(5), or (ii) amounts that the Member is treated as obligated to restore under Treas. Reg. §1.704-1(b)(2)(ii)(c); and (b) the debit to such Capital Account of the amounts described in Treas. Reg. §1.704-1(b)(2)(ii)(d)(4), (5) and (6). The foregoing definition of Adjusted Capital Account Deficit is intended to comply with the provisions of Treas. Reg. §1.704-1(b)(2)(ii)(d) and shall be interpreted consistently therewith.

"Affiliate" of a specified Person means (i) any Person directly or indirectly controlling, controlled by or under common control with the Person specified, (ii) any Person owning or controlling ten percent (10%) or more of the outstanding voting securities or beneficial interests of the Person specified, (iii) any officer, director, partner, trustee or member of the immediate family of the Person specified, (iv) if the Person specified is an officer, director, partner, managing member or trustee, any corporation, limited partnership, limited liability company or trust for

which that Person acts in that capacity, or (v) any Person who is an officer, director, managing member, general partner, trustee or holder of ten percent (10%) or more of the outstanding voting securities or beneficial interests of any Person described in clauses (i) through (iv). The term “control” (including the term “controlled by” and “under common control with”) means the possession, direct or indirect, of the power to direct or cause the direction of the management and policies of a Person, whether through the ownership of voting securities, by contract or otherwise.

"Affiliate Guarantor" means collectively People Incorporated Housing Group and People Incorporated of Virginia, both which are Affiliates of the Managing Member.

"Affiliate Guaranty" means the guaranty of the performance of the obligations of the Managing Member under this Agreement and the obligations of the Developer under the Development Agreement for the benefit of the Investor Member given by the Affiliate Guarantor, which Affiliate Guaranty is in the form of **Exhibit D**.

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

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

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

"Articles" means the Company's Certificate or any other instrument or document which is required under the laws of the State of Formation to be signed by the Managing Member and filed in the appropriate public offices within the State of Formation to perfect or maintain the Company as a limited liability company under the laws of the State of Formation, to effect the admission, withdrawal or substitution of any Member of the Company, or to protect the limited liability of the Investor Members as members under the laws of the Commonwealth of Virginia.

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

"Assumed Managing Member Tax Liability" means for any given year the product of (i) the sum of (A) the Profits, if any, allocated to the Managing Member pursuant to Section 11.01(b) plus (B) any items of income, gain, loss, deduction or credit which are specially allocated to the Managing Member pursuant to Sections 11.07(a) and (d) through (j) times (ii) a percentage equal to

the sum of (C) the highest federal corporate tax rate for such year plus (D) the highest state corporate tax rate for such year.

"Authority" or "Authorities" means any nation or government, any state or other political subdivision thereof, and any entity exercising its executive, legislative, judicial, regulatory or administrative functions of or pertaining to government, including but not limited to, any federal, state or municipal department, commission, board, bureau, agency, court, tribunal or instrumentality.

"Bankruptcy" or "Bankrupt" as to any Person means the filing of a petition for relief as to any such Person as debtor or bankrupt under the Bankruptcy Act of 1898 or the Bankruptcy Code of 1978 or like provision of law (except if such petition is contested by such Person and has been dismissed within 60 days); insolvency of such Person as finally determined by a court proceeding; filing by such Person of a petition or application to accomplish the same or for the appointment of a receiver or a trustee for such Person or a substantial part of his assets; commencement of any proceedings relating to such Person under any other reorganization, arrangement, insolvency, adjustment of debt or liquidation law of any jurisdiction, whether now in existence or hereinafter in effect, either by such Person or by another, provided that if such proceeding is commenced by another, such Person indicates his approval of such proceeding, consents thereto or acquiesces therein, or such proceeding is contested by such Person and has not been finally dismissed within 60 days.

"Breakeven Operations" means the date following Final Closing upon which the gross operating revenues from the normal operation of the Project received on a cash basis (including all public subsidy payments due and payable at such time but not yet received by the Company) for a period of three (3) consecutive calendar months after Final Closing equals or exceeds all accrued operational costs of the Project, including, but not limited to, taxes, assessments, reserve fund for replacement deposits and debt service payments, the Accounting Fee and a ratable portion of the annual amount (as reasonably estimated by the Managing Member) of those seasonal and/or periodic expenses (such as utilities, maintenance expenses and real estate taxes or service charges in lieu of real estate taxes) which might reasonably be expected to be incurred on an unequal basis during a full annual period of operation, for such period of three (3) consecutive calendar months on an annualized basis (based on projections of the Company), as evidenced by a certification of the Managing Member with an accompanying unaudited balance sheet of the Company indicating that all trade payables have been satisfied (or with respect to trade payables within sixty (60) days of the date the services were performed or goods were delivered, the trade payables shall not be past due and the Company shall have an adequate cash reserve for the payment of such trade payables), all as shall be subject to the approval of the Investor Member. For the purpose of calculating Breakeven Operations only, the following costs shall not be considered operating costs of the Project: (i) payments of the Asset Management Fee and Incentive Management Fee; (ii) payments to be made under the Development Agreement; and (iii) any debt service payments payable out of Net Cash Flow.

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

"Capital Account" means the capital account of a Member as described in Section 11.06.

"Capital Contribution" means the total amount of money or other property contributed or agreed to be contributed, as the context requires, to the Company by each Member pursuant to the terms of this Agreement. Any reference to the Capital Contribution of a Member shall include the Capital Contribution made by a predecessor holder of the Interest of such Member.

"Capital Transaction" means any transaction out of the ordinary course of the Company's business which is capital in nature, including without limitation, the disposition, whether by sale (except when such sale proceeds are to be used pursuant to a plan or budget approved by all of the Members), casualty (where the proceeds are not to be used for reconstruction), condemnation, refinancing or similar event of any part or all of the Project.

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

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

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

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

"Certified Credits" means ninety-nine and ninety-nine hundredths percent (99.99%) of the annual LIHTC that the Accountants certify in writing to the Company that the Company will be able to claim during each full fiscal year during the Credit Period for all buildings in the Project assuming full compliance with the rent restrictions and income limitations of Section 42 of the Code. The calculation of the Certified Credits shall be based, among other things, on the Form(s) 8609 issued by the Agency for all the buildings comprising the Project and on the cost, certification prepared in connection with the application by the Company for Form(s) 8609. Once the Certified Credits are determined, they shall not be adjusted during the term of this Agreement; provided, however, if with respect to an LIHTC Recapture Event the Managing Member makes a payment under Section 8.11(c), then the Certified Credits shall be reduced prospectively by the annual reduction in LIHTC attributable to such LIHTC Recapture Event.

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

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

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

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

"Company" means Culpeper Crossing, L.L.C., a Virginia limited liability company.

"Partnership Representative" has the meaning set forth in Section 11.08.

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

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

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

"Construction Contract" means the construction contract in the guaranteed maximum amount of \$1,774,659 including all exhibits and attachments thereto) to be entered into between the Company and the Contractor, pursuant to which the Project is to be rehabilitated. Such Construction Contract shall be subject to the Consent of the Investor Member.

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

"Contractor" means Peacock Holland Construction, LLC, a Virginia limited liability company, which is the general construction contractor for the Project.

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

"Counsel" or "Counsel for the Company" means Curcio & Curcio, PC, or such other attorney or law firm upon which the Investor Member and the Managing Member shall agree; provided, however, that if any section of this Agreement either (i) designates particular counsel for the purpose described therein, or (ii) provides that counsel for the purpose described therein shall be chosen by another method or by another Person, then such designation or provision shall prevail over this general definition.

"Credit Period" means the ten-year "credit period" as defined in and determined in accordance with Section 42(f) of the Code.

"Debt Service Coverage Ratio" shall mean a fraction, the numerator of which is the difference between all cash actually received by the Company on a cash basis from normal operations less all accrued operational costs of the Project, including any required deposits to a capital replacement reserve, and the denominator of which is all debt service, reserve, mortgage insurance premium and/or other cash requirements imposed by the Project Loan documents properly allocable to a particular period on an annualized basis, as determined by the Accountants (but not including loans to be repaid solely from available Net Cash Flow).

“Designated Individual” means the person appointed by the Partnership Representative to be the “designated individual” with the sole authority to bind the Partnership Representative pursuant to the Code and Treasure Regulations.

"Developer" means People Incorporated Housing Group, a Virginia nonstock corporation.

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

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

"Development Costs" means all of the following: (i) all direct or indirect costs paid or accrued by the Company related to the acquisition of the Land (and any improvements thereon) and the development or rehabilitation of the Project, including payment of the Development Fee, amounts due under the Construction Contract, any construction cost overruns, the cost of any change orders and all costs necessary to achieve Substantial Completion; (ii) all costs to achieve Initial Closing and Final Closing, and satisfy any escrow deposit requirements which are conditions to the Final Closing, including any amounts necessary for local taxes, utilities, mortgage insurance premiums, casualty and liability insurance premiums, and any applicable loan fees, discounts or other expenses; (iii) for the period prior to Breakeven Operations, all costs, payments and deposits needed to avoid a default under any Project Loan, including without limitation, all required deposits to satisfy any requirements of a Project Lender to keep a Project Loan "in balance"; (iv) all costs and expenses relating to remedying any environmental problem or condition or Hazardous Materials that existed on or prior to Final Closing; and (v) all Operating Deficits incurred by the Company prior to Breakeven Operations and the achievement of at least 95% physical and economic occupancy during the six-month period while Breakeven Operations are achieved.

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

“DHCD HOME Loan” means the Project Loan from the Sponsor to the Company using proceeds of a loan from the Department of Housing and Community Development, its successors and assigns (“DHCD”) HOME Program identified on Exhibit F attached hereto.

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

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

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

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

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

"Extended Use Agreement" means the Extended Use Regulatory Agreement and Declaration of Restrictive Covenants executed by the Company and the Agency dated as of July 14, 2017, setting forth certain terms and conditions under which the Project is to be operated.

"Final Closing" means the occurrence of all of the following: (i) Substantial Completion, (ii) approval by the Project Lenders, if any, of the Company's certification of actual costs as to the development and construction or rehabilitation of the Project, (iii) disbursement by all Project Lenders of any and all previously undisbursed Project Loan proceeds including the funding of the Permanent Loan under Documents acceptable to the Investor Member, and (iv) commencement of amortization as to all Project Loans (to the extent any Project Loan requires principal amortization).

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

"28-60 Set-Aside Test" means the Minimum Set-Aside Test whereby at least 28% of the units in the Project must be occupied by individuals with incomes of 60% or less of area median income, as adjusted for family size.

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

"Hazardous Substances" has the meaning set forth in Section 16.07(e).

"Hazardous Waste Laws" has the meaning set forth in Section 16.07(e).

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

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

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

"Initial Closing" means the date upon which one or more of the Project Loans is closed and the initial disbursement is made thereunder. The Initial Closing is anticipated to occur on December 16, 2019.

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

"Interest" or "Company Interest" means the ownership interest of a Member in the Company at any particular time, including the right of such Member to any and all benefits to which such Member may be entitled as provided in this Agreement and in the Act, together with the obligations of such Member to comply with all the terms and provisions of this Agreement and of said Act.

"Investor Member" means, initially, Housing Equity Fund of Virginia XXIII, L.L.C., a Virginia limited liability company.

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

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

"Land" means the tract of land currently owned by the Company upon which the Project is located, as more particularly described on Exhibit C attached hereto.

"Late Delivery Capital Adjustment" has the meaning set forth in Section 5.01(e)(i).

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

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

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

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

stayed pending the disposition of such petition, (c) a decision by the United States Tax Court or any other federal court of competent jurisdiction upholding the assessment of such deficiency against the Company with respect to any LIHTC previously claimed in connection with the Project, unless the Company shall timely appeal such decision and the collection of such assessment shall be stayed pending the disposition of such appeal, or (d) the decision of a federal court of competent jurisdiction affirming such decision.

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

"LIHTC Shortfall" means, as to any period of time, the difference between the Certified Credit for such period of time and the Actual Credit for such period of time. For purposes of determining the amount of the LIHTC Shortfall for a particular period of time, if there is an adjustment to Capital Contributions under Section 5.01(e) because of a Late Delivery Capital Adjustment, the LIHTC Shortfall for such period of time shall be reduced by the Late Delivery Capital Adjustment.

"Liquidator" means the Managing Member or, if there is none at the time in question, such other Person who may be appointed in accordance with applicable law and who shall be responsible for taking all action necessary or appropriate to wind up the affairs of, and distribute the assets of, the Company upon its dissolution.

"Loan Agreement" means any loan agreement and/or similar agreement with respect to the terms and conditions of the making of any of the Project Loans, which will be entered into between the Company and any one of the Project Lenders at or prior to the Final Closing.

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

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

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

“Managing Member” means Culpeper Crossing Management, LLC, a Virginia limited liability company and any other Person admitted as a Managing Member pursuant to this Agreement, and their respective successors as any such successor may be admitted pursuant to this Agreement, including those Persons admitted pursuant the provisions of Sections 6.02 and 6.03.

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

"Managing Member's Special Capital Contribution" has the meaning set forth in Section 5.01(b).

"Member" means any Managing Member, Investor Member or Special Member.

"Member Nonrecourse Debt" means any Nonrecourse Debt (or portion thereof) for which a Member or related Person (within the meaning of Treas. Reg. §1.752-4(b)) bears (or is deemed to bear) the Economic Risk of Loss.

"Member Nonrecourse Deductions" has the meaning set forth in Treas. Reg. §1.704-2(i)(2), and the amount of Member Nonrecourse Deductions with respect to a Member Nonrecourse Debt for a fiscal year shall be determined in accordance with the rules of Treas. Reg. §1.704-2(i)(2).

"Minimum Gain" means the amount determined by computing with respect to each Nonrecourse Debt the amount of gain, if any, that would be realized by the Company if it disposed of the asset securing such liability (in a taxable transaction) in full satisfaction thereof (and for no other consideration), and by then aggregating the amounts so computed. For purposes of determining the amount of such gain with respect to a liability, the adjusted basis for federal income tax purposes of the asset securing the liability shall be allocated among all the liabilities that the asset secures in the manner set forth in Treas. Reg. §1.704-2(d)(2).

"Minimum Set-Aside Test" means the set-aside test selected by the Company pursuant to Section 42(g) of the Code with respect to the percentage of units in its Project to be occupied by tenants with incomes equal to no more than a certain percentage of area median income. The Company has selected or will select the ~~40~~-60 Set-Aside Test as restricted by Code Section 42(g)(1) to require at least 40% of the units in the Project be occupied by individuals with incomes of 60% or less of area median income, as adjusted for family size, as the Minimum Set-Aside Test.

"MM Loans" means the loans which may be made by the Managing Member to the Company pursuant to Section 5.07(a) hereof, including any accrued interest thereon. Operating Deficit Loans shall not constitute MM Loans.

"Mortgage" means any deed of trust to be given by the Company in favor of any Project Lender as maker of a Project Loan, constituting a lien on the Project and securing a Project Loan.

"Net Cash Flow" means the sum of (i) all cash received from rents, lease payments and all other sources, but excluding (A) tenant security or other deposits (except to the extent forfeited to the Company), (B) Capital Contributions and interest thereon (other than if used to pay for an item deducted below in determining Net Cash Flow), (C) proceeds from Capital Transactions and (D) interest on reserves not available for distribution, (ii) the net proceeds of any insurance, other than fire and extended coverage and title insurance, to the extent not reinvested, and (iii) any other funds deemed available for distribution by the Managing Member with the approval of the Project Lenders, if required, less the sum of (x) all cash expenditures, and all expenses unpaid but properly accrued, which have been incurred in the operation of the Company's business (whether or not such expenditure is deducted, amortized or capitalized for tax purposes), including the management fee to the Management Agent and the Accounting Fee, (y) all payments on account of any loans made to the Company (whether such loan is made by a Member or otherwise), but

not including any amounts to be paid pursuant to the Development Agreement or pursuant to any loans made by any Members where repayment of such loans is to be made out of Net Cash Flow, and (z) any cash reserves for working capital, capital expenditures, repairs, replacements and anticipated expenditures, in such amounts as may be required by the Project Lenders or the Investor Member, or may be determined from time to time by the Managing Member with the approval of the Investor Member and the Project Lenders, if required, to be advisable for the operation of the Company.

"Net Projected Tax Liabilities" means, as determined by the Accountants, based on the Company's tax records, and any final adjustments made prior to the availability of proceeds of Capital Transaction(s) for distribution, the cumulative amounts of the respective projected liabilities (collectively, the "Projected Tax Liabilities") of the Managing Member, the Investor Member's members, and their respective partners and members, if any, (collectively, the "Company Taxpayers") for any and all federal, state, and local taxes, including any recapture of prior LIHTC, to be imposed on the Company Taxpayers by reason of all Capital Transactions of the Company from which the proceeds in question are to be distributed, any and all prior Capital Transactions of the Company (to the extent proceeds from such prior Capital Transactions equal to the Projected Tax Liabilities for such prior transactions were not distributed) and any liquidation of the Company. Such projections of liabilities shall estimate the applicable tax rate or rates for the Managing Member (based on actual or projected taxable income) and shall assume the maximum applicable tax rate or rates for each of the Investor Member's partners or members, if any (without regard to actual taxable income), in effect at the time of each Capital Transaction, in all cases without regard to the alternative minimum tax, limitations on the use of business tax credits, or other factors that may affect tax liability in particular cases, and without adjustment for any variance from actual tax liabilities that may later occur.

"New Allocation" has the meaning set forth in Section 11.07(m)(ii).

"Nonrecourse Debt" means any Company liability that is considered nonrecourse for purposes of Treas. Reg. §1.1001-2 (without regard to whether such liability is a recourse liability under Treas. Reg. §1.752-1(a)(1)).

"Nonrecourse Deductions" has the meaning set forth in Treas. Reg. §1.704-2(b)(1).

"Nonrecourse Liability" means any Company liability (or portion thereof) for which no Member or related Person (within the meaning of Treas. Reg. §1.752-4(b)) bears (or is deemed to bear) the Economic Risk of Loss.

"Note" means any mortgage or deed of trust promissory note given by the Company in favor of a Project Lender evidencing a Project Loan.

"Notice" means a writing containing the information required by this Agreement to be communicated to a Member and sent by any manner set forth in Section 16.08, to such Member at such Member's address as specified pursuant to Section 16.08, the date of receipt thereof (or the

next business day if the date of receipt is not a business day) or, in the case of registered or certified mail, the date of registry thereof or the date of the certification receipt, as applicable, being deemed the date of such Notice; provided, however, that any written communication containing such information sent to such Member actually received by such Member shall constitute Notice for all purposes of this Agreement.

"Operating Deficit" means the amount by which the gross receipts of the Company from lease payments, and all other income and receipts of the Company (other than proceeds of any loans to the Company, Capital Contributions, and investment earnings not available for distribution on funds on deposit in the Reserve Fund for Replacements, and other such reserve or escrow funds or accounts not available for distribution) for a particular period of time, is exceeded by the sum of all the operating expenses, including all debt service, operating and maintenance expenses, required deposits into the Reserve Fund for Replacements, any fees to the Project Lenders and/or any applicable mortgage insurance premium payments and all other Company obligations or expenditures, and excluding payments for construction of the Project and fees and other expenses and obligations of the Company to be paid from the Capital Contributions of the Investor Member to the Company pursuant to this Agreement during the same period of time.

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

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

"Partnership Representative" has the meaning set forth in Section 11.08 of this Agreement.

"Payment Date" means the date which is ninety (90) days after the end of the Company's fiscal year with respect to the preceding fiscal year.

"Percentage Interest" means the percentage Interest of each Member as set forth in Sections 5.01(a) and (c).

"Permanent Loan" means the loans set forth on **Exhibit F** hereto as described as permanent loan.

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

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

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

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

"Profits" and "Losses" mean, for each fiscal year of the Company, an amount equal to the Company's taxable income or loss for such period from all sources, determined in accordance with §703(a) of the Code, adjusted in the following manner: (a) the income of the Company that is exempt from federal income tax shall be added to such taxable income or loss; (b) any expenditures of the Company which are not deductible in computing its taxable income and not properly chargeable to capital account under either §705(a)(2)(B) of the Code or the regulations promulgated under §704(b) of the Code shall be subtracted from such taxable income or loss; (c) in the event any Company asset is revalued in accordance with Treas. Reg. §1.704-1(b)(2)(iv)(f), then the amount of any adjustment to the value of such Company asset shall be taken into account as gain or loss from the disposition of such Company asset for purposes of computing Profits or Losses; (d) gain or loss resulting from any disposition of Company asset which has been revalued pursuant to Treas. Reg. §1.704-1(b)(2)(iv)(f) and with respect to which gain or loss is recognized for Federal income tax purposes shall be computed by reference to the adjusted value of such Company asset, notwithstanding that the adjusted tax basis of such Company asset differs from the adjusted value; (e) any depreciation, amortization or other cost recovery deductions taken into account in computing such taxable income or loss shall be recomputed based upon the adjusted value of any Company asset which has been revalued in accordance with Treas. Reg. §1.704-1(b)(2)(iv)(f); and (f) any items of income, gain, loss, deduction or credit which are specially allocated pursuant to Sections 11.07(b) through (n) shall not be taken into account in computing Profits or Losses.

"Project" means the land currently owned (or to be purchased) by the Company in Culpeper, Virginia and the improvements to be rehabilitated, owned and operated thereon by the Company, and to be known as Culpeper Crossing.

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

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

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

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

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

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

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

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

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

"Regulatory Agreement" means, to the extent applicable, and collectively, any regulatory agreements and/or any declaration of covenants and restrictions to be entered into between the Company and any Project Lender or any applicable government agency at or after the Initial Closing setting forth certain terms and conditions under which the Project is to be operated.

"Rent Restriction Test" means the test pursuant to Section 42(g) of the Code whereby the gross rent charged to tenants of the low-income units in the Project cannot exceed thirty percent (30%) of the imputed income limitation of the applicable units.

"Rental Reserve" has the meaning set forth in Section 4.02(s).

"Reserve Fund for Replacements" means the cash funded reserve for replacements required pursuant to Section 4.02 (q).

"Special Additional Capital Contribution" means the Special Additional Capital Contributions of the Investor Member under Section 5.01(d)(vii).

"Special Member" means VAHM, L.L.C., a Virginia limited liability company, or its assignee.

"Sponsor" means People Incorporated Housing Group, its successors and assigns.

"Sponsor AHP Loan" means the Sponsor AHP Loan from Sponsor identified on **Exhibit F** hereto.

"Sponsor Loan" means the DHCD HOME Loan from Sponsor identified on **Exhibit F** hereto.

"State Designation" means, with respect to the Project, the allocation by the Agency of LIHTC, as evidenced by the receipt by the Company of either a carryover allocation of LIHTC meeting the requirements of Section 42(h)(1)(E) of the Code and Treasury Regulations or IRS

Form 8609 executed by the Agency as to all buildings in the Project for which such form is required.

"Substantial Completion" means the date that the Company receives all necessary permanent certificate(s) of occupancy (or certificates of occupancy which contain conditions or qualifications which are Consented to by the Investor Member) from the applicable governmental jurisdictions) or authority(ies); provided, however, that Substantial Completion shall not be deemed to have occurred if on such date any liens or other encumbrances as to title to the Land and the Project exist, other than those securing any Project Loan and/or those Consented to by the Investor Member.

"Substitute Investor Member" means any Person admitted to the Company as an Investor Member pursuant to Section 9.02.

"Surplus Cash" means any Net Cash Flow which, pursuant to the Project Documents or rules or regulations of any Project Lenders or the Agency, is permitted to be distributed to the Members.

"Title Company" means Fidelity National Title Insurance Company.

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

"Unpaid LIHTC Shortfall" means the outstanding amount of any LIHTC Shortfall for all the fiscal years of the Company, reduced by any amounts of Unpaid LIHTC Shortfall distributed to the Investor Member pursuant to Article XI of this Agreement. The unpaid LIHTC Shortfall shall bear interest at the "long-term applicable Federal rate" (as defined in Section 1274 of the Code) determined as of the date of the Investor Member's First Capital Contribution, compounded monthly.

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

"VHDA" means Virginia Housing Development Authority

"Withdrawing Investor Member" means People Incorporated of Virginia.

ARTICLE III
PURPOSE AND BUSINESS OF THE COMPANY

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

3.02 Authority of the Company. In order to carry out its purpose, the Company is empowered and authorized to do any and all acts and things necessary, appropriate, proper, advisable, incidental to or convenient for the furtherance and accomplishment of its purpose, and for the protection and benefit of the Company, including but not limited to the following:

(a) acquire the Land on which the Project is to be located and any improvements thereon;

(b) construct, rehabilitate, operate, maintain, improve, buy, own, sell, convey, assign, mortgage, rent or lease any real estate and any personal property necessary to the operation of the Project;

(c) provide housing, subject to the Minimum Set-Aside Test and the Rent Restriction Test and consistent with the requirements of the Extended Use Agreement, the Regulatory Agreement and the Loan Agreements so long as the Extended Use Agreement, the Regulatory Agreement and the Loan Agreements, as applicable, remain(s) in force;

(d) enter into any kind of activity, and perform and carry out contracts of any kind necessary to, in connection with, or incidental to, the accomplishment of the purposes of the Company;

(e) borrow money and issue evidences of indebtedness in furtherance of the Company business and secure any such indebtedness by mortgage, pledge, or other lien; provided, however, that unless otherwise specifically allowed under this Agreement or otherwise Consented to by the Investor Member, any Project Loans, and any evidences of indebtedness thereof and any documents amending, modifying or replacing any of such loans shall have the legal effect that at and after Final Closing the Company and the Members shall have no personal liability for the repayment of the principal of or payment of interest on any Project Loan, and that the sole recourse of any Project Lender, with respect to the principal thereof and interest thereon, shall be to the property securing such Project Loan, except for any Carveouts;

(f) maintain and operate the Project, including hiring the Management Agent (which Management Agent may be any of the Members or an Affiliate thereof) and entering into any agreement for the management of the Project during its rent-up and after its rent-up period;

(g) subject to the approval of the Agency and/or the Project Lenders, if required, and to other limitations expressly set forth elsewhere in this Agreement, negotiate for and conclude agreements for the sale, exchange, lease or other disposition of all or substantially all of the property of the Company, or for the refinancing of any mortgage loan on the property of the Company;

(h) enter into the Loan Agreement, the Regulatory Agreement and the Extended Use Agreement, providing for regulations with respect to rents, profits, dividends and the disposition of property;

(i) rent dwelling units in the Project from time to time, in accordance with the provisions of the Code applicable to LIHTC and in accordance with applicable federal, state and local regulations, collecting the rents therefrom, paying the expenses incurred in connection with the Project, and distributing the net proceeds to the Members, subject to any requirements which may be imposed by the Extended Use Agreement, the Regulatory Agreement and/or the other Project Documents; and

(j) do any and all other acts and things necessary or proper in furtherance of the Company business.

ARTICLE IV
REPRESENTATIONS, WARRANTIES AND COVENANTS;
DUTIES AND OBLIGATIONS

4.01 Representations, Warranties and Covenants Relating to the Project and the Company. As of the date hereof, the Managing Member hereby represents, warrants and covenants to the Company and to the Members that:

(a) Due Authorizations, Execution and Delivery. The execution and delivery of this Agreement by the Managing Member and the performance by the Managing Member of the transactions contemplated hereby have been duly authorized by all requisite corporate, partnership, limited liability company or trust actions or proceedings. The Managing Member is duly organized, validly existing and in good standing under the laws of the state of its formation with power to enter into this Agreement and to consummate the transactions contemplated hereby.

(b) Rehabilitation of Project. The rehabilitation and development of the Project shall be undertaken and shall be completed in a timely and workmanlike manner in accordance with (i) all applicable requirements of the Project Loans and the Project Documents, (ii) all

applicable requirements of all appropriate governmental entities, and (iii) the Plans and Specifications of the Project that have been or shall be hereafter approved by the Investor Member and, if required, the Project Lenders and any applicable governmental entities, as such Plans and Specifications may be changed from time to time with the approval of the Investor Member and the Project Lenders, if required, and any applicable governmental entities, if such approval shall be required; it shall promptly provide copies of all change orders to the Investor Member.

(c) Zoning and Related Matters. At the date hereof, at the Initial Closing and at the time of commencement of rehabilitation and thereafter continuously, the Land is and will be properly zoned for the Project, all consents, permissions and licenses required by all applicable governmental entities have been obtained, and the Project conforms and will conform to all applicable federal, state and local land use, zoning, environmental and other governmental laws and regulations.

(d) Plans and Specifications. The Managing Member has sent to the Investor Member the Plans and Specifications (including, without limitation, all working drawings) and all construction schedules, approved the draws, certifications concerning occupancy, lien notices, project inspection reports, proposed changes and modifications to the Plans and Specifications, all documents pertaining to the Project Loan and any other information that is relevant to the rehabilitation and development of the Project.

(e) Public Utilities. All appropriate public utilities, including sanitary and storm sewers, water, gas and electricity, are currently available and will be operating properly and in sufficient capacity for the Project at the time of certificate of occupancy. The Managing Member will keep all such utilities operating in a manner sufficient to service the Project.

(f) Title Insurance. An owner's title insurance policy of a financially responsible institution acceptable to the Investor Member, in an amount equal to the principal amount of the Project Loans and the Capital Contributions of the Managing Member and the Investor Member, in favor of the Company, will be issued at or prior to the Initial Closing subject only to such easements, covenants, restrictions and such other standard exceptions as are normally included in owner's title insurance policies and which are Consented to by the Investor Member and with such endorsements to such policy as the Investor Member may request. Good and marketable fee simple title to the Land will be held by the Company. The Managing Member has not made any misrepresentation or failed to make any disclosure that will or could result in the Company lacking title insurance coverage based on imputation of knowledge of the Managing Member to the Company or the Managing Member's ability to perform its obligations hereunder.

(g) Non-Recourse Loans. Except as otherwise provided herein, at and after the Final Closing, there shall be no direct or indirect personal liability of the Company, any of the Members, or any Affiliates of the Company or Members for the repayment of the principal of or payment of interest on any Project Loan, and the sole recourse of any Project Lender under any Project Loan with respect to the principal thereof and interest thereon shall be to the property securing the indebtedness, except for any liability of the Managing Member with respect to

customary "carveouts" that are set forth in loan documents relating to the Project Loans (the "Carveouts") to which the Investor Member has Consented. However, the Managing Member shall be personally liable for the obligations of the Company under the Sponsor Loans as described as recourse in **Exhibit "F"**, to the same extent as if it was a general partner in a limited partnership.

(h) **No Defaults.** The Managing Member is not aware of any default or any circumstances which, with the giving of notice or the passage of time, would constitute a default, under any agreement, contract, lease, or other commitment, or of any claim, demand, litigation, proceedings or governmental investigation pending or threatened against the Managing Member, the Project or the Company, or related to the business or assets of the Managing Member, the Project or Company, which claim, demand, litigation, proceeding or governmental investigation could result in any judgment, order, decree, or settlement which would materially and adversely affect the business or assets of the Managing Member, the Project or Company.

(i) **No Violation.** The execution of this Agreement, the incurrence of the obligations set forth in this Agreement, and the consummation of the transactions contemplated by this Agreement do not violate any provision of law, any order, judgment or decree of any court binding on the Company or the Managing Member or any Affiliate(s) thereof, any provision of any indenture, agreement, or other instrument to which the Company or the Managing Member is a party or by which the Company, Managing Member or the Project is affected, and is not in conflict with, and will not result in a breach of or constitute a default under any such indenture, agreement, or other instrument or result in creating or imposing any lien, charge, or encumbrance of any nature whatsoever upon the Project.

(j) **Construction Contract.** The Construction Contract has been entered into between the Company and the Contractor; no other consideration or fee shall be paid to the Contractor in its capacity as the Contractor for the Project other than the amounts set forth in the Construction Contract or as evidenced by change orders approved by the Project Lenders and as otherwise disclosed in writing to and approved by the Investor Member; and all change orders to date have been paid in full. In addition, no consideration or fee shall be paid to the Developer or Managing Member by the Contractor.

(k) **Performance Bond; Letter of Credit.** Either (i) one hundred percent (100%) payment and performance bonds issued by a nationally, financially recognized bonding company, in forms acceptable to the Project Lenders and the Investor Member, and in amounts satisfactory to the Project Lenders and the Investor Member, or (ii) a letter of credit in an amount and in a form, and from an issuer satisfactory to the Project Lenders and the Investor Member, will be obtained by the Contractor at or before Initial Closing and shall remain in full force and effect under terms and conditions as shall be acceptable to the Project Lenders and the Investor Member; in the alternative, the obligations of the Contractor will be guaranteed by the Managing Member and the Affiliate Guarantors and secured by cash, letter of credit or other security acceptable to the Project Lenders and the Investor Member.

(l) Insurance. The Managing Member shall cause the Company to obtain and maintain insurance in accordance with the requirements of Exhibit I attached hereto.

(m) No Undisclosed Financial Responsibilities. Neither the Company, nor the Managing Member, either individually or on behalf of the Company, has incurred any financial responsibility with respect to the Project prior to the date of execution of this Agreement, other than (i) that disclosed to the Investor Member, or (ii) obligations which will be fully satisfied at or prior to the Initial Closing. As of the date hereof and hereafter continuously, unless the Investor Member otherwise Consents or unless otherwise specifically provided for herein, the only indebtedness of the Company with respect to the Project are the Project Loans, if any, described on Exhibit F. Without limiting the generality of the foregoing, neither the Managing Member, any of its Affiliates nor the Company, has entered, or shall enter, into any agreement or contract for any loans (other than the Project Loan) or for the payment of any Project Loan discounts, additional interest, yield maintenance or other interest charges or financing fees or any agreement providing for the guarantee of payment of any such interest charges or financing fees relating to any Project Loan.

(n) Valid Limited Liability Company; Power of Authority. The Company is and will continue to be a valid limited liability company, duly organized under the laws of the Commonwealth of Virginia, and shall have and shall continue to have full power and authority to acquire the Land and to own, develop, construct, operate and maintain the Project in accordance with the terms of this Agreement, and shall have taken and shall continue to take all action under the laws of the State of Formation and any other applicable jurisdiction that is necessary to protect the limited liability of the Investor Members and to enable the Company to engage in its business.

(o) Restrictions on Sale or Refinancing. No restrictions on the sale or refinancing of the Project, other than restrictions that may be set forth in the Project Documents, exist as of the date hereof, and no such restrictions shall, at any time while the Investor Member is an Investor Member, be placed upon the sale or refinancing of the Project.

(p) Projected LIHTC. The Projected LIHTC applicable to the Project is \$122,858 for 2021, \$124,338 for each year 2022 through 2030 and \$1,480 for 2031 which equals the amount of LIHTC the Managing Member has projected will be available to the Company. There is and at all times shall continue to be sufficient eligible basis (as defined in Section 47 of the Code) to provide the full amount of the Projected LIHTC.

(q) Compliance with Agreements. To the best of its knowledge after due inquiry, the Managing Member, either individually or on behalf of the Company, has fully complied with all applicable provisions and requirements of any and all contracts, options and other agreements with respect to the purchase of the Land and the ownership, development, financing and operation of the Project including all Project Documents; it shall take, and/or cause the Company to take, all actions as shall be necessary to achieve and maintain continued compliance with the provisions, and fulfill all applicable requirements, of such agreements.

(r) State Designation. On December 6, 2018, the Company received valid State Designation with respect to the Project in the amount of \$124,338 for the Credit Period.

(s) Applicable Income and Rent Restrictions. The Project is being developed in a manner which satisfies, and shall continue to satisfy, all restrictions, including tenant income and rent restrictions, applicable to projects generating LIHTC under Section 42 of the Code. The Company will comply with the so-called "40-60 Set-Aside Test" of Code Section 42(g)(1)(B), as restricted by Code Section 42(i)(2)(E)(i) so that at least 40% of the residential units in the Project will be occupied by individuals with incomes of 60% or less of area median income, as adjusted for family size; the Project is not subject to any other rental restrictions under the Project Documents except to the extent that more than 40% of the residential units in the Project will be rent and income restricted in order to generate the full amount of the Projected Credits. In addition to the foregoing, three (3) units shall be occupied by individuals with incomes 40% or less of area median income, as adjusted for family size, eleven (11) units shall be occupied by individuals with incomes 50% or less of area median income, as adjusted for family size and the remaining units shall have rent levels at 60% or less of area median income, as adjusted for family size.

(t) Term of Extended Use Agreement. The term of the Extended Use Agreement will not exceed 30 years and neither the Extended Use Agreement nor any other document, instrument or agreement to which the Company is a party shall restrict, limit or waive the right of the Company to cause a termination of the Extended Use Agreement prior to the end of such 30-year term in accordance with Code Section 42(h)(6)(E)(i)(II).

(u) Ownership of Managing Member. People Incorporated Housing Group owns and shall continue to own at all times during the term of the Company one hundred percent (100%) of all classes of interests of the Managing Member.

(v) Title to Project; Taxes and Assessments. The Company has and shall have at all times good and marketable title to the Project, subject only to permitted exceptions thereto to which the Investor Member has given its Consent. All real estate taxes, assessments, water and sewer charges and other municipal charges, to the extent due and owing, have been paid in full on the Project.

(w) Taxpayer Certifications. On behalf of the Company, the Managing Member will cause to be filed any and all certifications and other documents on a timely basis with the IRS, the Agency and all other Authorities, as have been and may be required to support the full amount of Projected Credits.

(x) Taxation and Limited Liability. No event has occurred that has caused, and the Managing Member will not act in any manner that will cause (i) the Company to be treated for federal income tax purposes as an "association" taxable as a corporation, rather than as a partnership; or (ii) the Investor Member or the Special Member to be liable for the Company's obligations in excess of its Capital Contributions.

(y) No Tax-Exempt Use Property. No portion of the Project is or will be treated as "tax exempt use property" as defined in Section 168(h) of the Code. In the event the Managing Member or any member or shareholder of the Managing Member is controlled by a tax-exempt entity, such entity will make the election permitted under Section 168(h)(6)(F) of the Code. The Managing Member shall not allow the Company to enter into any lease with a tax-exempt entity without the prior written approval of the Special Member.

(z) No Abusive Tax Shelter. The Managing Member has not received notice from the IRS that it has considered the Managing Member to be involved in any abusive tax shelter and is not aware of any facts, which if known to the IRS, would cause such notice to be issued.

(aa) Required Consents; No Defaults Under Loan Documents. The Company has obtained all consents required for the admission of the Investor Member to the Company, including but not limited to, the consent of the holder(s) of the Project Loans, if necessary, and any required consents of applicable Authorities.

(ab) Bankruptcy. No Bankruptcy, including, without limitation, attachments, execution proceedings, assignments for the benefit of creditors, insolvency, reorganization or other proceedings are pending or threatened against the Company or the Managing Member. The Managing Member will not permit such a Bankruptcy to occur.

(ac) Governmental Actions. To the best of the Managing Member's knowledge, there is no official action of any Authority, pending or threatened, which in any way would (i) have a material adverse effect on the Company, the Project, the Investor Member or the LIHTC; (ii) involve any intended public improvements which improvements may result in any charge in excess of \$10,000 being levied against the Land; or (iii) any special assessment, being levied against or assessed upon the Land or the Project. There is no existing, proposed or contemplated, plan to widen, modify or realign any street or highway contiguous to the Land. The Managing Member will promptly notify the Investor Member of any such official actions or plans, if and as they arise.

(ad) Moratoria; Assignments; Dedications. There is no reassessment (except for real estate property taxes), reclassification, rezoning, proceeding, ordinance or regulation (including amendments and modifications to any of the foregoing) pending or proposed to be imposed, by any Authority or any public or private utility having jurisdiction over the Land which would have a material adverse effect upon the use or occupancy of the Project. No special assessments have been levied against the Project or by an Authority upon the commencement or completion of any construction, alteration or rehabilitation on or of the Project or any portion thereof. The Managing Member will promptly notify the Investor Member of any such actions, if and as they arise. Except as previously disclosed in writing to and approved by the Investor Member, the completion of the improvements, alteration or rehabilitation on or to the Project or any portion thereof will not require the dedication of any portion of the Project by any Authority.

(ae) No Defects, Compliance. Upon completion of the Project, there will be no material physical or mechanical defects or deficiencies in the condition of the Project, including, but not limited to, the roofs, exterior walls or structural components of the Project and the heating, air conditioning, plumbing, ventilating, elevator, utility, sprinkler and other mechanical and electrical systems, apparatuses and appliances located in, or about, the Land which would materially and adversely affect the Project or any portion thereof. The Project is free from infestation by termites or other pests, insects, animals or other vermin and the Managing Member will keep it so. The Project conforms (or will timely conform) to all governmental regulations, including, without limitation, all zoning, building, health, fire and environmental rules, regulations ordinances or requirements or environmental laws, regulations or procedures applicable to the Project where the failure to conform would result in a material adverse effect.

(af) No Defective Soils Conditions. To the best of the Managing Member's knowledge after due inquiry, there are no defects or conditions of the soil that would have a material adverse effect upon the use, occupancy and operation of the Project. The soil condition of the Land is such that it will support all of the improvements to be located thereon for its foreseeable life, without the need for unusual or new subsurface excavations, fill, footings, caissons or other installations. The improvements on the Land, as built, will be or are constructed in a manner compatible with the soil condition at the time of construction and all necessary excavations, fills, footings, caissons and other installations were then, have since been and will be provided.

(ag) Rights of First Refusal; Options. Except as contemplated by the Amended and Restated Purchase Option and Right of First Refusal Agreement set forth in **Exhibit L** attached hereto ("Right of First Refusal Agreement"), neither the Managing Member nor the Company has entered into (nor will enter into) any contracts for the sale of the Project, the LIHTC with respect thereto, or any interest in the Project or Company other than in contemplation of this Agreement, nor do there exist any rights of first refusal or options to purchase the Project, the LIHTC with respect thereto, or any interest in the Company.

(ah) Securities Law Compliance. The Managing Member has or will have timely complied or cause the timely compliance with all applicable Federal and state securities laws in connection with the offer and sale of the interest in the Company to the Investor Member.

(ai) Truth and Completeness of Representations and Disclosures. No representation, warranty or statement of the Managing Member in this Agreement or in any document, certificate or schedule furnished or to be furnished to the Investor Member pursuant hereto contains or will contain any untrue statement of a material fact or omits or will omit to state a material fact necessary to make the statements or facts contained therein not misleading. All material information concerning the Project known to the Managing Member or any of its Affiliates, or which should have been known to any of them in the exercise of reasonable care, has been disclosed by the Managing Member to the Investor Member and there are no facts or information known to the Managing Member or any of its Affiliates, or which should have been known to any of them in the exercise of reasonable care, which would make any of the facts or

information submitted by the Managing Member to the Investor Member with respect to the Project inaccurate, incomplete or misleading in any material respect.

(aj) Compliance with Fair Housing Act. At all times during the term of this Agreement, the Company shall comply with the provisions of the Fair Housing Act, as amended.

(ak) Lenders to Project Entities Generally. Subject to provisions of this Agreement with respect to related party loans a limited partner or investor member, including without limitation the Federal Home Loan Mortgage Corporation (such investor member or partner being referred to herein as a “Mortgagee”), in any entity that is a Member herein at any time may make, guarantee, own, acquire, or otherwise credit enhance, in whole or in part, a loan secured by a mortgage, deed of trust, trust deed, or other security instrument encumbering the Project owned by the Company (any such loan being referred to as a “Mortgage Loan”). Under no circumstances will a Mortgagee be considered to be acting on behalf or as an agent or the alter ego of such Member. A Mortgagee may take any actions that the Mortgagee, in its discretion, determines to be advisable in connection with a Mortgage Loan (including in connection with the enforcement of a Mortgage Loan). By acquiring an interest in the Company, each Member acknowledges that no Mortgagee owes the Company or any Member any fiduciary duty or other duty or obligation whatsoever by virtue of such Mortgagee being a limited partner or member in a Member. Neither the Company nor any Member will make any claim against a Mortgagee, or against the Member in which the Mortgagee is a member or partner, relating to a Mortgage Loan and alleging any breach of any fiduciary duty, duty of care, or other duty whatsoever to the Company or to any Member based in any way upon the Mortgagee’s status as a limited partner or member of a Member.

(al) Member Loans. No Member or any Affiliate of a Member shall make or purchase a loan to the Company unless the Company receives an opinion of competent tax counsel to the effect that such loan will have no adverse tax consequences to any of the Members.

(am) Reserved.

(an) Development Budget. The Development Budget attached hereto as **Exhibit H** is accurate and complete. The assumptions underlying the calculations therein are reasonable and based upon the Managing Member's knowledge and experience.

(ao) Reportable Transactions. The Company and its Members shall be permitted to disclose to any and all Persons, without limitation of any kind, the “tax treatment and tax structure” (as defined in Treasury Regulation Section 1.6011-4(c)) of the transaction contemplated by this Agreement and all materials of any kind (including opinions or other tax analyses) relating to such tax treatment and tax structure. The Managing Member shall (A) promptly notify the Investor Member of any “reportable transaction” under Code Section 6707(A)(c) or Treasury Regulation Section 1.6011-4 in which the Company shall engage or which it reports under Code Section 6111 and (B) maintain investor lists with respect to the Company as required under Code Section 6112. The Managing Member shall be responsible for its expenses or penalties attributable

to its failure to report a reportable transaction or maintain lists (in accordance with Code Section 6112) as required by the Managing Member or the Company under the Code and applicable Treasury Regulations. Material advisors are required to supplement information disclosed to the IRS if the information provided in a filed disclosure is no longer accurate, in such instances, the Managing Member agrees to provide timely supplemental information about the Project to the IRS and the Investor.

(ap) Reasonableness of Fees. All fees to be paid to the Managing Member or any Affiliate of the Managing Member hereunder or otherwise in connection with the development of the Project are reasonable in amount and consistent with standard practice in the industry.

(aq) REAC and HUD Reports. The Managing Member shall advise the Investor Member of any REAC (Real Estate Assessment Center) inspection reports it receives with respect to the Project as well as any notices from HUD indicating any adverse findings with respect to the Project, including, but not limited to, the following:

- (i) management review findings;
- (ii) Section 8 HAP contract violations; and
- (iii) HUD Regulatory Agreement violations.

(ar) Governmental Review and Approvals/HUD 2530 Language. The Company shall not acquire or proceed with the development of the Project unless approval is obtained from HUD if such approval is required in connection with such development or acquisition. If the acquisition or development of the Project necessitates the filing of a Form 2530 Previous Participation Certificate with HUD (a "Previous Participation Certification"), the Managing Member shall so notify the Investor Member and such acquisition or development shall not proceed without the required Form 2530 filing. The Managing Member shall also provide adequate information to the Investor Member to enable any of its members to file any additional documents that may be required by HUD. Such information shall include but not be limited to the following:

- (i) type of financing and governmental agency providing such assistance, FHA project number, Section 8 contract number or other agency identification number (if any);
- (ii) closing date/date of receipt of assistance;
- (iii) date that the Project is intended to be acquired and/or the development is to be financed by the Company;
- (iv) property address and last inspection date/rating;

(v) status of any pre-existing loan on the project (current, defaulted, assigned or foreclosed) and if ever defaulted, an explanation as to the causes of such default/foreclosure.

(as) OFAC Requirements. The Managing Member and its Affiliates are (i) in compliance with all applicable anti-money laundering laws, including, without limitation, the USA Patriot Act and the laws administered by the United States Treasury Department's Office of Foreign Assets Control ("OFAC"), including, without limitation, Executive Order 13224, (ii) not on the Specially Designated Nationals and Blocked Persons List maintained by OFAC, and (iii) not otherwise identified by a government entity or legal authority as a Person with whom a U.S. Person is prohibited from transacting business. "U.S. Person" shall mean any United States citizen, any permanent resident alien, any entity organized under the laws of the United States (including foreign branches), or any person in the United States.

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

4.02 Duties and Obligations Relating to the Project and the Company. The Managing Member shall have the following duties and obligations with respect to the Project and the Company:

(a) Qualifying for LIHTC. It shall ensure that all requirements shall be met which are necessary to obtain or achieve (i) compliance with the Minimum Set-Aside Test, the Rent Restriction Test, and any other requirements necessary for the Project to initially qualify, and to continue to qualify, for LIHTC, including all applicable requirements set forth in the Regulatory Agreement and the Extended Use Agreement, (ii) issuance of IRS Form(s) 8609 with respect to the LIHTC, (iii) issuance of all necessary permanent, unconditional certificates of occupancy, including all governmental approvals required to permit occupancy of the Project, (iv) Initial Closing and Final Closing, and (v) compliance with all material provisions of the Project Documents.

(b) Tax Treatment of Company. While conducting the business of the Company, the Managing Member shall not act in any manner which it knows or should have known after due inquiry will (i) cause the termination of the Company for federal income tax purposes without the Consent of the Investor Member or (ii) cause the Company to be treated for federal income tax purposes as an association taxable as a corporation.

(c) Securities Law Matters. The Managing Member shall prepare and timely file all appropriate reports for the Company with the Securities and Exchange Commission and state securities administrators.

(d) Limited Liability Company Status. The Managing Member shall (i) file such certificates and do such other acts as may be required to qualify and maintain the Company as a limited liability company under the Act and to qualify the Company to transact business in all such other jurisdictions as may be required under the applicable provisions of law, and (ii) take or cause the Company to take all reasonable steps deemed necessary by counsel to the Company to assure that the Company is at all times classified as a partnership for federal income tax purposes.

(e) Good Faith of Managing Member. It shall exercise good faith in all activities relating to the conduct of the business of the Company, including the development, operation and maintenance of the Project, and the Managing Member shall take no action with respect to the business and property of the Company which is not reasonably related to the achievement of the purpose of the Company.

(f) No Security Interests or Encumbrances, Debt Service Coverage Ratio. The Managing Member shall ensure that all of (i) the fixtures, maintenance supplies, tools, equipment and the like now and to be owned by the Company or to be appurtenant to, or to be used in the operation of the Project, as well as (ii) the rents, revenues and profits earned from the operation of the Project, will be free and clear of all security interests and encumbrances except for the Project Loans, the Mortgages, and any additional security agreements executed in connection therewith. From and after the Final Closing, the Project shall maintain a Debt Service Coverage Ratio of at least 1.15:1.0.

(g) Basis Adjustments. It will execute on behalf of the Company all documents necessary pursuant to Sections 732, 743 and 754 of the Code to elect to adjust the basis of the Company's property upon the request of the Investor Member, if, in the sole opinion of the Investor Member, such election would be advantageous to the Investor Member.

(h) Payment of Development Fee. It guarantees payment by the Company of the Development Fee as provided in Section 5.01(b).

(i) Tax Returns and Financial Statements. It shall, during and after the period in which it is a Member, provide the Company with such information and sign such documents as are necessary for the Company to make timely, accurate and complete submissions of federal and state income tax returns and shall provide the Investor Member with the opportunity to review and Consent to drafts of all such returns at least twenty (20) days prior to their filing date, and will incorporate the changes of the Investor Member. In addition, the Managing Member shall provide the Investor Member with the opportunity to have not less than twenty (20) days to review drafts of audited financial statements prior to their finalization and will incorporate the changes of the Investor Member.

(j) Compliance with Governmental and Contractor Obligations. It shall comply and cause the Company to comply with the provisions of all applicable governmental and contractual obligations including any Regulatory Agreement.

(k) Tax Elections. It has made (if applicable) and shall make such elections, or refrain from making such elections, with respect to the LIHTC, as are necessary to achieve and maintain the maximum allowable LIHTC to the Investor Member, unless otherwise directed in writing by the Investor Member. The Managing Member will make the election to be taxable under Section 168(h) of the Code. In connection herewith, the Company will not make an election to opt out of the bonus depreciation available under Section 168(k) of the Code without the Consent of the Investor Member.

(l) Fines and Penalties. It shall be responsible for the payment of any fines or penalties imposed by any applicable governmental authority or any Project Lender pursuant to the Project Documents and any documents executed in connection with obtaining the LIHTC (other than with respect to payments of principal or interest under any Project Loan) attributable to any action or inaction of it or its Affiliates.

(m) Notification of Default or IRS Proceedings. It shall immediately notify the Investor Member of any written or oral notice of (i) any default or failure of compliance with respect to any of the Project Loans or any other financial, contractual or governmental obligation of the Company or the Managing Member, or (ii) any IRS proceeding regarding the Project or the Company.

(n) Notification of Construction Delays. If at any time during the construction or rehabilitation of the Project, (i) construction or rehabilitation stops or is suspended for a period of ten (10) consecutive days, or (ii) construction or rehabilitation has been delayed so that in the reasonable determination of the Managing Member (A) Substantial Completion may not be achieved by the date set forth in the Construction Contract, or (B) the Projected Credits for any year during the Credit Period may not be achieved, the Managing Member shall immediately send Notice of such occurrence, together with an explanation of the circumstances surrounding such occurrence, to the Investor Member.

(o) Bank Accounts. The Managing Member shall establish in the name and on behalf of the Company such bank accounts as shall be required to facilitate the operation of the Company's business. The Company's funds shall not be commingled with any other funds of the Managing Member or any of its Affiliates, including, without limitation, any other limited liability company in which the Managing Member is a managing member. Promptly upon the request of the Investor Member, the Managing Member shall obtain and deliver to the Investor Member full, complete and accurate statements of the amount and status of all Company bank accounts and all withdrawals therefrom and deposits thereto.

(p) Sales Notice to State Agency. If necessary to obtain, maintain or avoid recapture of any LIHTC for the Company, upon written request of an Investor Member, the Managing Member shall, pursuant to Section 42(h)(6) of the Code, submit on behalf of the Company and its Members, and in accordance with the rules and regulations of the Agency, a

written request to the Agency (or other applicable housing credit agency) to find a Person to acquire the Project pursuant to a Qualified Contract.

(q) Reserve Fund for Replacements. It shall establish and maintain a segregated replacement reserve, in a lending institution acceptable to the Special Member, to provide for working capital needs, improvements, replacements and any other contingencies of the Company. Commencing on the year that Final Closing occurs, the Managing Member shall ensure that \$300 per unit per year to be deposited from the Company's gross operating revenues be deposited into the Reserve Fund for Replacements ("Ongoing Amount"). Thereafter, the Managing Member shall, each year, further fund the Reserve Fund for Replacement with an additional amount equal to the Ongoing Amount. Withdrawals from the Reserve Fund for Replacements shall require the Consent and signature of the Investor Member or Special Member. The Managing Member shall not increase the amount in the Reserve Fund for Replacements materially above the amount required to be maintained by this Section 4.02(q) without the Consent of the Investor Member, which Consent shall not be unreasonably withheld. Notwithstanding anything to the contrary in this Section 4.02(q), however, the amount of the Reserve Fund for Replacements shall be increased if necessary to satisfy the requirements of any Project Lender, except the Sponsor, or any Authority having jurisdiction over the Project.

(r) Operating Reserve. In addition to the requirements of Section 4.02 (q), in order to meet operating expenses of the Company which exceed operating income available for the payment thereof, the Managing Member shall cause the Company to deposit an initial amount of \$121,000 (or such greater amount as may be required by the Project Lenders) into a segregated reserve account in a lending institution acceptable to the Special Investor Member (the "Operating Reserve") to fund operating expenses and debt service in excess of operating revenues and to pay any Unpaid Fee, as that term is defined in Paragraph 5.01(b) hereof. The Operating Reserve shall be funded on or before the sixth Capital Contribution from the proceeds of such Capital Contribution and/or the proceeds of the Project Loans; provided, however, that if there are insufficient funds from the aforementioned sources, the Managing Member shall be required to fund the Operating Reserve. Disbursements from the Operating Reserve for the aforementioned purposes shall constitute MM Loans by the Managing Member only to the extent of amounts funded by it into the Operating Reserve pursuant to the previous sentence. If there is a delay in the payment of the sixth Capital Contribution due to the fault of the Investor Member ("Delayed Operating Reserve Payment"), the unpaid portion of the Capital Contribution attributable to the Operating Reserve shall bear interest at the rate of 1.5% per annum, and such unpaid portion, including any accrued interest, will be paid no later than 24 months after payment of the remaining portion of sixth Capital Contribution. If the Delayed Operating Reserve Payment is necessary to pay guaranty or other obligations hereunder, Investor Member shall disburse such payment and fully fund the Operating Reserve. Additionally, the Managing Member shall cause the Company to deposit into the Operating Reserve amounts sufficient to maintain a balance of \$121,000 from Net Cash Flow, as set forth in Section 11.03(b) hereof. Withdrawals from the Operating Reserve shall require the prior approval of the Special Member.

(s) Lease-Up Reserve and Rental Reserve. At the time of the third Capital Contribution the Managing Member shall establish and cause the Company to fund and maintain a lease-up reserve (the "Lease-Up Reserve") in the name of the Company and maintained in a segregated Company account established for this purpose. The amount of the Lease-Up Reserve shall be \$15,000 and shall be fully funded by the proceeds of the third Capital Contribution. Withdrawals from the Lease-up Reserve account shall require the Consent and signature of the Investor Member. At such time as the Project Property shall have achieved and maintained for a period of at least six months at least 93% occupancy (measured by both physical occupancy and "paid" occupancy based upon the then current rents for apartment units), any unused portion of the Lease-Up Reserve be used to pay for rehabilitation costs or deferred Development Fee.

(t) Pre-Development Activities. The Managing Member shall be specifically and solely responsible for the following duties:

- (1) Analyzing the Qualified Allocation Plan ("QAP") for targeted areas within a state.
- (2) Identifying potential land sites.
- (3) Analyzing the demographics of potential sites.
- (4) Analyzing a site's economy and forecast future growth potential.
- (5) Determining the site's zoning status and possible rezoning actions.
- (6) Contacting local government officials concerning access to utilities, public transportation, impact fees and local ordinances.
- (7) Performing environmental tests on selected sites.
- (8) Negotiating the purchase of the land upon which the Project is located and its related financing.
- (9) Performing any other duties or activities relating to the acquisition of the land upon which the Project is located.

(u) The parties acknowledge that the Tax Cut and Jobs Act of 2017 (the "Act") has become law. Notwithstanding the foregoing, the Members agree to work together to make appropriate elections and tax return reporting choices to avoid reducing the Investor Member's expected benefits from being a member of the Company. In this regard and without limiting the foregoing, the Managing Member agrees that unless directed otherwise by the Investor Member, the Company shall make the election under Code Section 163(j)(7)(B) as provided in the Act to be an Electing Real Property Trade or Business. In addition, if directed by the Investor Member, the Managing Member shall elect out of bonus depreciation allowed under Section 167(k) on one

or more classes of property for one or more years or if allowable, elect less than the maximum amount of bonus depreciation.

4.03 Single Purpose Entity. The Managing Member shall engage in no other business or activity other than that of being the Managing Member of the Company. The Managing Member was formed exclusively for the purpose of acting as the Managing Member of the Company and has never engaged in any other activity, business or endeavor. As of the date of this Agreement, the Managing Member has no liabilities or indebtedness other than its liability for the debts of the Company, and the Managing Member shall not incur any indebtedness other than its liability for the debts of the Company. If the Managing Member determines it needs additional funds for any purpose, it shall obtain such funds solely from capital contributions from its shareholders or members. The Managing Member has observed and shall continue to observe all necessary or appropriate corporate formalities in the conduct of its business. The Managing Member shall keep its books and records separate and distinct from those of its shareholders, members and affiliates. The Managing Member shall clearly identify itself as a legal entity separate and distinct from its shareholders, members and its affiliates in all dealings with other Persons. The Managing Member has been adequately capitalized for the purposes of conducting its business and will not make distributions at a time when it would have unreasonably small capital for the continued conduct of its business.

ARTICLE V
MEMBERS, MEMBERSHIP INTERESTS
AND OBLIGATIONS OF THE COMPANY.

5.01 Members; Capital Contributions; Membership Interests.

(a) Managing Member Contribution. The Managing Member, its principal address or place of business, its Capital Contribution and its Percentage Interest are as follows:

(i) Name and Address:

Culpeper Crossing Management, LLC, a Virginia limited liability company
1173 West Main Street
Abingdon, VA

(ii) Capital Contribution: \$100, plus all of its rights, title and interest in, to and under all agreements, licenses, approvals, permits, LIHTC applications and allocations and any other tangible or intangible personal property which is related to the Project or which is required to permit the Company to pursue its business and carry out its purposes as contemplated in this Agreement.

(iii) Percentage Interest: 0.009%

(b) Managing Member's Special Capital Contribution. In the event that the Company has not paid all or part of the amounts due under the Development Agreement (“Unpaid Fee”) on or before the earlier of (i) the thirteenth (13th) anniversary of placement in service of the Project, or (ii) the date required under the Development Agreement, the Managing Member shall contribute to the Company an amount equal to any such Unpaid Fee (the "Managing Member's Special Capital Contribution") and the Company shall thereupon make a payment in an equal amount to the Unpaid Fee; provided, however, that prior to the making of the Managing Member’s Special Capital Contribution, funds in the Operating Reserve may be used to pay the Unpaid Fee, subject to approval by the Investor Member, and after application of the approved portion of the Operating Reserve, any remaining Unpaid Fee shall be paid using the Managing Member’s Special Capital Contribution.

(c) Investor Members. The Investor Member and the Special Member, respectively, their principal officer and places of business and Percentage Interests are as follows:

(i) The Investor Member, its principal office and place of business, and its Percentage Interest are as follows:

Housing Equity Fund of Virginia XXIII, L.L.C. 1840 West Broad Street, Suite 200 Richmond, Virginia 23220	Capital Contribution of the Investor Member 99.99% as increased for purposes of the Company’s books of account by the amount of the Capitalized Bridge Loan Interest allocable to the Investor Member, also as set forth in subparagraph (d) immediately below
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(ii) The Special Member, its principal office and place of business, its Percentage Interest and its Capital Contribution are as follows:

VAHM, L.L.C. 1840 West Broad Street, Suite 200 Richmond, Virginia 23220	\$10.00	0.001%
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(d) Investor Member Capital Contributions. Subject to the provisions of this Agreement, including, without limitation, the provisions of Sections 5.01(e) and 5.03, the Investor Member shall be obligated to make Capital Contributions to the Company in the amount of \$1,094,174 payable in installments as follows. However, in addition to such Contributions, the Capital Contributions of the Investor Members shall be deemed to include, and their respective Capital Accounts shall so reflect, each Investor Member’s allocable share of Capitalized Bridge Loan Interest as determined by the Company’s Accountants in consultation with each Investor Member.

(i) First Capital Contribution. The amount of the first Capital Contribution shall be Two Hundred Thousand and No/100 Dollars (\$200,000). After satisfaction of all of the conditions set forth below, and review and approval of the items described below, the Investor Member shall make the first Capital Contribution. A portion of the first Capital Contribution in

the amount of \$35,000 shall be used to pay the Investor Member's Due Diligence Costs and an additional portion of the first Capital Contribution shall be used to pay for approved costs of the Development of the Project and a portion of the Development Fee in the projected amount of \$50,000.

- (A) Title Policy. The Title Company shall have issued the Company's title policy in an amount equal to the acquisition and development cost of the Project, showing the Company as owner of fee simple title to the Land and subject to only such exceptions as are acceptable to the Investor Member, and containing fairways, non-imputation, zoning, survey, access, tax parcel and such other endorsements as the Investor Member may require;
- (B) Environmental Matters. The Investor Member shall have received a report satisfactory to the Investor Member confirming no material adverse environmental conditions, including, without limitation, evidence that radon gas is not present in any of the apartment units at a level above the recommended permitted safe level as determined by the Environmental Protection Agency or any other applicable governmental authority;
- (C) Legal Opinion. The Investor Member shall have received a legal opinion as set forth in Section 5.04;
- (D) Permanent Financing. The Investor Member shall have received copies of all commitment letters or agreements from all of the Company's anticipated financing sources, in form and substance acceptable to the Investor Member, necessary to meet the Company's financial needs for the Project.
- (E) Survey. The Investor Member shall have received and approved an ALTA Survey, dated no more than ninety (90) days prior to the date of funding;
- (F) Plans and Specifications. The Investor Member shall have received and approved Plans and Specifications for the Project;
- (G) Permits. The Investor Member shall have received a copy of all permits and licenses required for the construction and rehabilitation of the Project, issued by the appropriate governmental authorities;
- (H) Construction Financing. Evidence that all construction financing proceeds are available, including copies of all executed construction financing documents;
- (I) Credits. Evidence from the Agency that the Project will qualify for annual LIHTC of at least \$124,338;

- (J) Construction Contract. The general construction contract, in form and substance acceptable to the Investor Member and with a fixed price or maximum upset price acceptable to the Investor Member, and with a general contractor reasonably acceptable to the Investor Member;
- (K) Financials. Current financial statements of the Developer, verification of background information to be provided to the Investor Member by the Managing Member and there having been no changes in the tax laws or treasury regulations or pronouncements or interpretations of existing tax issues that would materially and adversely affect the Investor Member's investment in the Company;
- (L) 10% Carryover Certification. The Investor Member shall have received a copy of the cost certification the Company or Affiliate Guarantor delivered to the Virginia Housing Development Authority in connection with any carryover of LIHTC, with copies of all invoices and backup information;
- (M) Other Documentation. The Investor Member shall have received such other documentation as it may reasonably request to satisfy its due diligence requirements including, without limitation, (i) those documents listed on the Investor Member's closing checklist, a copy of which has been previously delivered to the Managing Member; and (ii) such additional items requested by the Investor Member to otherwise verify the accuracy of the representations and warranties and compliance with the covenants, duties and obligations set forth in Article IV.

(ii) Second Capital Contribution. The amount of the second Capital Contribution shall be One Hundred Twenty-Five Thousand and No/100 Dollars (\$125,000). After satisfaction of all of the conditions set forth below, and review and approval by the Investor Member of the items described below, the Investor Member shall make the second Capital Contribution in the amount requested by the Managing Member in the manner set forth below to repay the Construction Loan and/or to pay the cost of rehabilitation of the Project.

- (A) First Capital Contribution Paid. The occurrence of the Investor Member's first Capital Contribution;
- (B) Sworn Statements. The Investor Member shall have received a written request for an advance from the Managing Member in form satisfactory to the Investor Member, accompanied by current owner's and contractor's sworn statements;
- (C) Managing Member's Certificate. The Investor Member shall have received a certificate from the Managing Member that the representations, warranties and covenants in Sections 4.01 and 4.02 are true and accurate as of the date of the proposed Second Capital Contribution, and that the Managing Member and the Company are not in default of any of their obligations hereunder and under the Project Documents as of the date of the proposed Second Capital Contribution;

- (D) Physical Inspection. A construction consultant selected by the Investor Member shall have prepared a physical inspection report and certified that the amount requested by the Managing Member is in accordance with the labor and materials in place and showing at least 50% completion of the Project;
- (E) Title Policy. The Title Company shall have issued: (1) a "date down" endorsement to the title policy extending the effective date of the title policy to the date of funding and showing no exceptions to the title other than the exceptions reflected on the title policy as of Initial Closing, except as shall be acceptable to the Investor Member; (2) an endorsement affording mechanics lien coverage; and (3) such other endorsements as the Investor Member may reasonably require;
- (F) DHCD Loan Commitment. Issuance of the DHCD Loan Commitment and payment of the DHCD loan fees all upon terms and conditions acceptable to the Investor Member; and
- (G) Other Documentation. The Investor Member shall have received such other documentation as it may reasonably request to verify the accuracy of the representations and warranties and compliance with the covenants, duties and obligations set forth in Article IV and the Post Closing Obligations, if any, as set forth on Exhibit K attached hereto.

(iii) Third Capital Contribution. The amount of the third Capital Contribution shall be One Hundred Ten Thousand and No/100 Dollars (\$110,000). After satisfaction of all of the conditions set forth below, and review and approval by the Investor Member of the items described below, the Investor Member shall make the third Capital Contribution in the amount requested by the Managing Member in the manner set forth below, to repay the Construction Loan and/or to pay the cost of rehabilitation of the Project and of which \$15,000 will be used to fully fund the Lease-Up Reserve.

- (A) Second Capital Contribution Paid. The occurrence of the Investor Member's second Capital Contribution;
- (B) Sworn Statements. The Investor Member shall have received a written request for an advance from the Managing Member in form satisfactory to the Investor Member, accompanied by current owner's and contractor's sworn statements;
- (C) Managing Member's Certificate. The Investor Member shall have received a certificate from the Managing Member that the representations, warranties and covenants in Sections 4.01 and 4.02 are true and accurate as of the date of the proposed Second Capital Contribution, and that the Managing Member and the Company are not in default of any of their obligations hereunder and under the Project Documents as of the date of the proposed third Capital Contribution;

- (D) Physical Inspection. A construction consultant selected by the Investor Member shall have prepared a physical inspection report and certified that the amount requested by the Managing Member is in accordance with the labor and materials in place and showing at least 75% completion of the Project;
- (E) Title Policy. The Title Company shall have issued: (1) a "date down" endorsement to the title policy extending the effective date of the title policy to the date of funding and showing no exceptions to the title other than the exceptions reflected on the title policy as of Initial Closing, except as shall be acceptable to the Investor Member; (2) an endorsement affording mechanics lien coverage; and (3) such other endorsements as the Investor Member may reasonably require;
- (F) Rehabilitation Expenditures. Evidence that the Project has achieved or will achieve no later than December 31, 2020, rehabilitation expenditures for each building in an amount not less than the greater of: (a) 20% of the adjusted basis of such building; or (b) \$7,000 per Low-Income Unit in such building, as may be subsequently increased by the IRS for inflation amounts; and
- (H) Other Documentation. The Investor Member shall have received such other documentation as it may reasonably request to verify the accuracy of the representations and warranties and compliance with the covenants, duties and obligations set forth in Article IV and the Post Closing Obligations, if any, as set forth on Exhibit K attached hereto.

(iv) Fourth Capital Contribution. The amount of the fourth Capital Contribution shall be Four Hundred Thirty-Eight Thousand One Hundred Seventy-Four and No/100 Dollars (\$438,174.00). After satisfaction of all of the conditions set forth below, and review and approval by the Investor Member of the items described below, the Investor Member shall make the fourth Capital Contribution in the amount requested by the Managing Member in the manner set forth below, to repay the Construction Loan, then to pay for the cost of rehabilitation of the Project and then to pay a portion of the Development Fee in the projected amount of \$249,337.

- (A) Third Capital Contribution Paid. The occurrence of the Investor Member's third Capital Contribution;
- (B) DHCD HOME Loan and Sponsor AHP Loan. Executed copies of the documents relating to the Sponsor Loan and the Sponsor AHP Loan, in a form acceptable to the Investor Member, and the Company shall have received the funding of such Loan as described in Exhibit "F";
- (C) Final Closing. Simultaneously with Final Closing, provided that the Investor Member has received fifteen (15) days' prior written notice of the date of Final Closing, and has received copies of any loan documents (including loan riders)

executed in connection with the permanent financing that have not been previously delivered to the Investor Member;

- (D) Substantial Completion. Substantial Completion of the Project shall have occurred;
- (E) Survey. The Investor Member shall have received and approved an updated and recertified as-built survey satisfactory to the Investor Member dated no more than thirty (30) days prior to the date of funding;
- (F) As Built Plans and Specifications. The Managing Member shall have submitted to the Investor Member a written document executed by the Managing Member, the architect and the Contractor certifying no material change to the "for-construction" Plans and Specifications previously approved by the Project Lenders and Investor Member;
- (G) Permits, Licenses and Certificates of Occupancy. The Investor Member shall have received a copy of any permits and licenses which are required for the operation and use of the Project and a copy of the final and unconditional certificate or certificates of occupancy, or the equivalent, issued by the appropriate governmental authorities for the Project in its entirety;
- (H) Cost Certification. Receipt of a draft cost certification of Eligible Basis (as defined in Code Section 42(d)) for the Project prepared by the Accountants;
- (I) Managing Member Certificate. Receipt of a certificate from the Managing Member that (1) the representations, warranties and covenants in Sections 4.01 and 4.02 continue to be true and accurate through the date of the proposed Fourth Capital Contribution and (2) the Company and the Managing Member are not in default of any of their obligations with respect to the Company or the Project at such time;
- (J) Legal Opinion. The Investor Member shall have received an update of the legal opinion previously delivered to the Investor Member in connection with its making the Initial Capital Contribution;
- (K) Evidence of Applicable Fraction. The Investor Member shall have received satisfactory evidence that the Applicable Fraction (as defined in Code Section 42(c)(1)(B)) for the Project equals or exceeds forty percent (28%) determined as of the date of the proposed Third Capital Contribution;
- (L) Architect's Certificate. The Managing Member shall have delivered to the Investor Member an architect's certificate of substantial completion in the form requested by the Investor Member;

- (M) Payment of Taxes. The Investor Member shall have received satisfactory evidence (which may be included in the title policy described in subparagraph (O) immediately below) that all real property taxes and assessments for the Project due and payable through the date of funding have been timely and fully paid;
- (N) Title Policy. The Title Company shall have issued a final date down endorsement to the title policy extending the date of the title policy through the date of final funding of the Project Loans and the Third Capital Contribution and showing no exceptions to title other than those exceptions reflected on the title policy as of Initial Closing and other exceptions as may be acceptable to the Investor Member;
- (O) Managing Member Elections. The Managing Member will provide evidence that it has made the election to be taxable under Code Section 168(h)(6)(F)(ii) and that such election was effective prior to placement in service of the Project. The Managing Member will also provide evidence that it has filed Form 8832 with the IRS electing to be taxed as a corporation and that such election was effective prior to placement in service of the Project; and
- (P) Other Documentation. The Investor Member shall have received such other documentation as it may reasonably request to verify the accuracy of the representations and warranties and compliance with the covenants, duties and obligations set forth in Article IV and the Post Closing Obligations, if any, as set forth on **Exhibit K** attached hereto.

Amounts disbursed pursuant to Sections 5.01(d)(i) through (iv), and to the extent necessary to pay for the costs of construction or rehabilitation, any amount under Section 5.01(d)(v), shall be disbursed through an escrow agreement in form and substance satisfactory to the Investor Member. All investment earnings on the Investor Member's Capital Contributions disbursed through an escrow shall inure to the benefit and belong to the Investor Member.

(v) Fifth Capital Contribution. The amount of the fifth Capital Contribution shall be One Hundred Thousand and No/100 Dollars (\$100,000). After satisfaction of all of the conditions set forth below, and review and approval by the Investor Member of the items described below, the Investor Member shall make the fifth Capital Contribution in the amount requested by the Managing Member in the manner set forth below, to pay a portion of the Development Fee in the projected amount of \$100,000. Notwithstanding, the foregoing, \$10,000 of the Developer Fee shall be withheld until the Project has achieved at least six (6) months of Breakeven Operations.

- (A) Fourth Capital Contribution Paid. The occurrence of the Investor Member's fourth Capital Contribution;
- (B) Qualified Occupancy. Achievement of occupancy of one hundred percent (100%) of the residential units in the Project by Qualified Tenants, and the Managing Member, if requested by the Investor Member, shall demonstrate such occupancy

by submitting to the Investor Member certified rent rolls and tenant qualification forms that confirm that such tenants qualify under Section 42 of the Code;

- (C) Breakeven Operation. The last day of the month following the month in which Breakeven Operations occurs (with the Project having achieved at least 95% physical and economic occupancy for consecutive six month period in which Breakeven Operations has been achieved); provided, however, if Breakeven Operations has been met for three consecutive months, then Investor Member will release all of the fifth Capital Contribution targeted to pay a portion of the Development Fee, except for \$10,000 which hold back will be released to pay the Development Fee upon the achievement of six consecutive months of Breakeven Operations;
- (D) Managing Member Certificate. The Investor Member shall have received a certificate from the Managing Member that (1) the representations, warranties and covenants in Sections 4.01 and 4.02 are true and accurate as of the date of the proposed Fifth Capital Contribution and (2) the Company and the Managing Member are not in default of any of their obligations with respect to the Company or Project at such time;
- (E) Company Tax Return. The Investor Member shall have received a complete copy of the Company's 2020 and 2021 tax returns, if not previously delivered;
- (F) Other Documentation. The Investor Member shall have received such other documentation as it may reasonably request to verify the accuracy of the representations and warranties and compliance with the covenants, duties and obligations set forth in Article IV;
- (F) Cost Certification. Receipt of an audited cost certification of Eligible Basis (as defined in Code Section 42(d)) for the Project prepared by the Accountants;
- (G) 8609's. Receipt of the Form(s) 8609 for the entire Project executed by the Agency;
- (H) Environmental Matters. The Managing Member shall have provided the Investor Member evidence that the construction of the Project did not result in the filling or disturbance of any wetlands and that any actions recommended to be taken which were contained in any environmental assessment reports prepared in conjunction with the development of the Project have been appropriately completed in a manner that fully complies with such recommendations and all laws, regulations, ordinances, orders or decrees pertaining to environmental matters; and
- (I) Other Documentation. The Investor Member shall have received such other documentation as it may reasonably request to verify the accuracy of the representations and warranties and compliance with the covenants, duties and

obligations set forth in Article IV and the Post Closing Obligations, if any, as set forth in **Exhibit K** attached hereto.

(vi) **Sixth Capital Contribution.** The amount of the sixth Capital Contribution shall be One Hundred Twenty-One Thousand and No/100 Dollars (\$121,000.00). After satisfaction of all of the conditions set forth below, and review and approval by the Investor Member of the items described below, the Investor Member shall make the sixth Capital Contribution in the amount requested by the Managing Member in the manner set forth below, to set up the Operating Reserve. Notwithstanding the foregoing, this sixth Capital Contribution shall be made within twenty-four (24) months of the date the Project is eligible to receive the final \$10,000 of the fifth Capital Contribution. Any amounts not deposited immediately upon the Investor Member's review and approval of the items described below will accrue interest at 1.5% per annum to be paid to the Company by the Investor Member. If the Members determine there is a need for the Operating Reserve within the aforementioned twenty-four (24) month period, the Investor Member may release this sixth Capital Contribution to the Company.

- (A) **Fifth Capital Contribution Paid.** The occurrence of the Investor Member's fifth Capital Contribution; and
- (B) **Other Documentation.** The Investor Member shall have received such other documentation as it may reasonably request to verify the accuracy of the representations and warranties and compliance with the covenants, duties and obligations set forth in Article IV and the Post Closing obligation, if any, as set forth in **Exhibit K** attached hereto.

(vii) **Investor Member's Special Additional Capital Contributions.** If, in any fiscal year of the Company, the Investor Member's Capital Account balance may be reduced to or below zero, the Investor Member may, in its sole and absolute discretion, make a Special Additional Capital Contribution to the Company, in an amount reasonably required to avoid the reduction of the Investor Member's Capital Account balance to or below zero. If the Investor Member makes a Special Additional Capital Contribution to the Company pursuant to this paragraph, the Investor Member shall receive a guaranteed payment pursuant to Section 5.06 for the use of its Special Additional Capital Contribution. Whenever the Investor Member makes a Special Additional Capital Contribution to the Company pursuant to this paragraph, the Managing Member shall have the option, in its sole and absolute discretion, to make Special Additional Capital Contributions to the Company, up to the same amount and on the same terms in the aggregate as the Special Additional Capital Contribution made by the Investor Member at that time.

(e) **Adjustment to Capital Contributions of Investor Member.** Following determination of Certified Credits, the Accountants shall make a determination as to whether there is a Downward Capital Adjustment. If events subsequent to such determination result in a decrease in the Capital Contributions of the Investor Member due to a Late Delivery Capital Adjustment, then the Accountants shall recalculate the Downward Capital Adjustment to take into account such Late Delivery Capital Adjustment. Following the determination of a Downward Capital

Adjustment and/or a Late Delivery Capital Adjustment, the Managing Member or the Company, as appropriate, shall make payments as required under Section 5.01(e)(ii).

(i) The following definitions shall apply for purposes of determining adjustments to Capital Contributions:

- A. "Certified Credit Capital Adjustment" shall equal the product of (A) Certified Credits for the Credit Period (excluding any LIHTC resulting from an increase in qualified basis under Code Section 42(f)(3)), minus \$124,338, times (B) \$0.8800 and (C) times ten (10). The Certified Credit Capital Adjustment may be a positive or negative number.
- B. "Certified Credit Capital Decrease" means a negative Certified Credit Capital Adjustment.
- C. "Certified Credit Capital Increase" means a positive Certified Credit Capital Adjustment.
- D. "Downward Capital Adjustment" shall mean the following: (A) if either there is a Certified Credit Capital Decrease or if the Certified Credit Capital Adjustment is zero, then the Certified Credit Capital Decrease plus the Late Delivery Capital Adjustment; or (B) if there is a Certified Credit Capital Increase, the positive amount, if any, by which the Late Delivery Capital Adjustment exceeds the Certified Credit Capital Increase.
- E. "Late Delivery Capital Adjustment" shall mean for calendar year 2021 the amount, if any, by which \$122,858 and for calendar year 2021 the amount exceeds Actual Credits for each such year.
- F. "Early Delivery Capital Adjustment" shall mean the product of (a) \$0.5000 and (b) the amount, if any, by which Actual Credits for calendar year 2021 exceed \$122,858 (but in no event shall the total Early Delivery Capital Adjustment exceed \$10,000); provided, however, that if the Project does not achieve 100% Qualified Occupancy by December 31, 2020 then the Investor Member shall not be obligated to make an Early Delivery Capital Adjustment despite the delivery of Actual Credit as described herein

(ii) If there is a Downward Capital Adjustment, then the Capital Contributions of the Investor Member shall be immediately reduced by the Downward Capital Adjustment. The Downward Capital Adjustment shall first reduce the fourth Capital Contribution (if it has not previously been funded), and then to the extent necessary, the fifth Capital Contribution, and then to the extent necessary, the remaining Capital Contributions. If the Downward Capital Adjustment exceeds the total of all unfunded Capital Contributions (prior to the

reduction under this provision), then the Managing Member shall make a payment immediately to the Company equal to the amount of such excess, and the Company shall immediately distribute such amount to the Investor Member as a return of its Capital Contributions. Such payment by the Managing Member shall constitute a non-reimbursable funding by it of Excess Development Costs and shall not give rise to any right as a loan or Capital Contribution or result in any increase in the Capital Account of the Managing Member. In the event that the Managing Member fails to make such payment in full and the Investor Member, in its sole discretion, elects not to exercise its remedies under Sections 5.05 or 6.05, as applicable, any amount not so paid by the Managing Member as required shall be payable out of Net Cash Flow and proceeds of Capital Transactions, as provided under Sections 11.03 and 11.04. Any payment required to be paid to the Investor Member pursuant to the preceding sentence out of Net Cash Flow and the proceeds of Capital Transactions shall be referred to as a "LIHTC Reduction Guaranty Payment". The Early Delivery Capital Adjustment, if applicable, shall be made at the time of the sixth Capital Contribution.

(f) Payment of Investor Member Due Diligence Costs. The Managing Member shall pay the costs and expenses incurred by the Investor Member in connection with the due diligence activities of the Investor Member and the closing of the transactions described herein, including Investor Member's legal fees and expenses, such Investor Member Due Diligence Costs not to exceed \$35,000.

(g) Additional Investor Members. Without the Consent of all of the Members, no additional Persons may be admitted as additional Investor Members and Capital Contributions may be accepted only as and to the extent expressly provided for in this Article V.

(h) Deposit of Capital Contributions. Except as otherwise provided in Section 5.01(d) herein, the cash portion of the Capital Contributions of each Member shall be deposited at the Managing Member's discretion in a checking, savings and/or money market or similar account to be established and maintained in the name of the Company or invested in government securities or certificates of deposit issued by any bank. Thereafter, such amounts shall be utilized for the conduct of the Company business pursuant to the terms of this Agreement.

(i) No Liability for Investor Member or Special Member. Except as may otherwise be provided under applicable law, no Investor Member or Special Member shall be bound by, or personally liable for, the expenses, liabilities or obligations of the Company.

(j) Payment of Environmental Assessment Consultant Fees. The Managing Member acknowledges that, on behalf of the Investor Member, the Investor Member (or is Affiliate) may retain an environmental consultant (the "Environmental Consultant") to review and give recommendations related to environmental reports that are provided to the Investor Member by the Managing Member (including, but not limited to, Phase I and Phase II environmental assessments, wetlands reports, lead and asbestos reports, abatement reports and other

environmental reports required by the Environmental Consultant, to the reasonable satisfaction of the Environmental Consultant) for the Land, or the construction and rehabilitation of existing buildings, if the reports indicate the possible presence of hazardous materials on or near the Project or if such reports appear incomplete or inadequate for purposes of making such a determination. The Company shall be solely responsible for the payment of the fees of the Environmental Consultant.

5.02 Return of Capital Contribution. Except as provided in this Agreement, no Member shall be entitled to demand or receive the return of his Capital Contribution.

5.03 Withholding of Capital Contribution Upon Default.

(a) Conditions Giving Rise to Withholding. In the event that (a) the Managing Member, or any successor Managing Member shall not have substantially complied with any material provisions under this Agreement or the operating agreement as to an Affiliated Company, after Notice from the Investor Member of such noncompliance and failure to cure such noncompliance within a period of thirty (30) days from and after the date of such Notice, or (b) any Project Lender shall have declared the Company to be in default under any Project Loan or under any of the mortgage loans as to an Affiliated Company, or (c) foreclosure proceedings shall have been commenced against the Project or against the Project owned by an Affiliated Company, then the Company and the Managing Member shall be in default of this Agreement, and the Investor Member, at its sole election, may cause the withholding of payment of any Capital Contribution otherwise payable to the Company (including while any cure period is in effect).

(b) Release to Company Following Cure. All amounts so withheld by the Investor Member under this Section 5.03 shall be promptly released to the Company only after the Managing Member or the Company has cured the default justifying the withholding, as demonstrated by evidence reasonably acceptable to the Investor Member.

5.04 Legal Opinions. As a condition precedent to the Investor Member's obligation to make its Capital Contributions hereunder, the Investor Member must receive the opinion of Curcio & Curcio, PC, Counsel for the Company and the Managing Member, which opinion shall explicitly state that Applegate & Thorne-Thomsen, P.C. of Chicago, Illinois, counsel to the Investor Member, may explicitly rely upon it, that:

(a) the Company is a duly formed and validly existing limited liability company under the Act, and the Company has full power and authority to own and operate the Project and to conduct its business hereunder; the Company is duly qualified to transact its business in the Commonwealth of Virginia; the Investor Member has been validly admitted as an Investor Member of the Company entitled to all the benefits of an Investor Member under this Agreement, and the Interest of the Investor Member in the Company is the Interest of an investor member with no personal liability for the obligations of the Company, and the exercise of the rights and remedies of the Investor Member under this Agreement do not constitute participating in the control of the business of the Company;

(b) the Managing Member is duly and validly organized and is validly existing in good standing as a corporation/limited liability company under the laws of the Commonwealth of Virginia, with full power and authority to enter into and perform its obligations hereunder and under the Managing Member Pledge; the Managing Member is duly qualified to transact its business in the Commonwealth of Virginia;

(c) unless otherwise permitted under this Agreement, there is and shall be no direct or indirect personal liability of the Company or of any of the Members or their Affiliates for the repayment of the principal of and payment of interest on any Project Loan, and the sole recourse of the Project Lender, with respect to the principal thereof and interest thereon, shall be to the assets of the Company securing such indebtedness;

(d) execution of this Agreement and the Managing Member Pledge by the Managing Member has been duly and validly authorized by or on behalf of such Managing Member and, having been executed and delivered in accordance with its terms, this Agreement and the Managing Member Pledge constitute the valid and binding agreement of the Managing Member, enforceable in accordance with their respective terms, and execution hereof and thereof by the Managing Member is not in violation of any contract, agreement, charter, bylaw, resolution, judgment, order, decree, law or regulation to which the Managing Member is bound or as to which it is subject;

(e) the Company owns fee simple title to the Project, subject only to the Project Loans, the Mortgages, and such other liens, charges, easements, restrictions and encumbrances as are set forth in the title insurance policy issued to the Company. Such opinion may be based on a review of the title insurance policy issued in accordance with Section 4.01 herein, provided Counsel has no actual knowledge to the contrary;

(f) to the best of its knowledge after due inquiry, there are no defaults existing with respect to any of the Project Documents;

(g) to the best of its knowledge after due inquiry, no event of Bankruptcy has occurred with respect to the Company or the Managing Member; and

(h) the Affiliate Guaranty has been duly executed by the Affiliate Guarantor and constitutes the valid and binding obligation of the Affiliate Guarantor, enforceable in accordance with its terms; and

(i) the Company has received a carryover allocation of LIHTC for the Projected Credits from the Agency, which is the appropriate state of local authority for the jurisdiction in which the Project is located.

In addition, the Investor Member shall have received from counsel to Investor Member an overall tax opinion, addressing all material tax issues and indicating that the financial

projections and tax credit calculation contained in the Development Budget appear reasonable and complete.

5.05 Repurchase Obligation.

(a) Conditions for Repurchase. If (i) Final Closing has not occurred by June 30, 2021 (or such later date as may be Consented to by the Investor Member); (ii) all buildings in the Project are not placed in service by December 31, 2020 or the Company has not received the IRS Form(s) 8609 is not issued by the Agency, so as to allow the Credit Period to commence in 2021; (iii) the Company fails to meet the Minimum Set-Aside Test and the Rent Restriction Test by the close of the first year of the Credit Period or at any time thereafter; (iv) the Company's basis in the Project for federal income tax purposes, as finally determined by the Accountants or pursuant to an audit by the IRS, as of no later than December 31, 2019, shall have been less than ten percent (10%) of the Company's reasonably expected basis in the Project, as required pursuant to Section 42(h)(1)(E) of the Code; (v) an Extended Use Agreement is not in effect before the end of the first year of the Credit Period; (vi) the Project has not generated at least 95% of the Projected LIHTC for the year 2021, then the Managing Member shall, within fifteen (15) days of the occurrence thereof, send to the Investor Member Notice of such event and of its obligation to purchase the Interest of the Investor Member hereunder and return to the Investor Member its Capital Contributions in the event the Investor Member, in its sole discretion, requires in a Notice to the Managing Member such purchase of the Interest of the Investor Member. Thereafter, the Managing Member, within thirty (30) days of the mailing date of Notice by the Investor Member of such election, shall acquire the entire Interest of the Investor Member in the Company by making payment to the Investor Member, in cash, of an amount equal to the sum of its Capital Contributions, plus interest on such amount at the rate of fourteen percent (14%) per annum, but in no event higher than the highest rate permitted by applicable law.

(b) Upon receipt by the Investor Member of any such payment of its Capital Contributions, the Interest of the Investor Member and all further obligations of the Investor Member hereunder shall terminate, and, to the extent that the Investor Member has acted in accordance with the terms of this Agreement, the Managing Member shall indemnify and hold harmless the Investor Member from any losses, damages, and/or liabilities, to or as a result of claims of Persons other than Members or Affiliates thereof, to which the Investor Member (as a result of its respective participation hereunder) may be subject.

5.06 Guaranteed Payments. No later than ninety (90) days after the end of the Company's fiscal year, any Member who has made a Special Additional Capital Contribution pursuant to Section 5.01(d)(viii) shall receive, as a guaranteed payment for the use of its capital, an amount equal to the annual interest earned by the Company, if any, on such Special Additional Capital Contributions. The Company shall invest any amounts contributed as a Special Additional Capital Contribution as reasonably directed by the contributing Member. Any guaranteed payment due to a Member shall be deemed an expense of the Company for purposes of determining Net Cash Flow. Any guaranteed payment which is not paid when due shall remain a liability of the Company and shall bear interest as set forth above.

5.07 MM Loans.

(a) MM Loans. The Managing Member shall have the right, but not the obligation, after funding all other obligations under this Agreement, including, without limitation, its obligation to fund Excess Development Costs under its Construction Completion Guaranty under Section 8.11(a) or Operating Deficit under its Operating Deficit Guaranty under Section 8.11(b) hereof, to make "MM Loans" pursuant to this Section 5.07(a) to fund Operating Deficits of the Company or to fund other reasonable and necessary obligations of the Company, provided, however, that the Managing Member shall not enter into any such MM Loan with the Company if such MM Loan would cause a reallocation of LIHTC or tax benefits among the Members. MM Loans shall be on the following terms: (i) interest shall accrue on the MM Loans at an annual interest rate of eight percent (8%), compounded annually; and (ii) MM Loans shall be repayable solely as set forth in Sections 11.03 and 11.04 of this Agreement.

(b) Documentation of MM Loans. At the request of a Member, which request may be made quarterly, any MM Loan shall be evidenced by a non-negotiable promissory note or notes reflecting any such MM Loans made during the preceding calendar quarter. MM Loans shall be unsecured loans. MM Loans shall not be considered Capital Contributions and shall not increase such Member's Capital Account.

(c) Usury Savings Clause. Notwithstanding anything to the contrary herein or in any note evidencing a MM Loan, in no event shall interest accrue on any MM Loan at a rate in excess of the highest rate permitted by applicable law, and if such designated interest rate should be in excess of such interest rate, the interest rate designated hereunder shall be reduced to the maximum rate of interest permitted by such law.

ARTICLE VI
CHANGES IN MANAGING MEMBERS

6.01 Withdrawal of the Managing Member.

(a) The Managing Member may withdraw from the Company or sell, transfer or assign its Interest as Managing Member only with the prior Consent of the Investor Member, and of the Agency and the Project Lenders, if required, and only after being given written approval by the necessary parties as provided in Section 6.02, and by the Agency and the Project Lenders, if required, of the Managing Member(s) to be substituted for it or to receive all or part of its Interest as Managing Member.

(b) In the event that a Managing Member withdraws from the Company or sells, transfers or assigns its entire Interest pursuant to Section 6.01(a), it shall be and shall remain liable for all obligations and liabilities incurred by it as Managing Member before such withdrawal, sale, transfer or assignment shall have become effective, but shall be free of any obligation or liability

incurred on account of the activities of the Company from and after the time such withdrawal, sale, transfer or assignment shall have become effective.

6.02 Admission of a Successor or Additional Managing Member. A Person shall be admitted as a Managing Member of the Company only if the following terms and conditions are satisfied:

(a) the admission of such Person shall have been Consented to by the Managing Member and the Investor Member, and consented to by the Agency and the Project Lenders, if required;

(b) the successor or additional Person shall have accepted and agreed to be bound by (i) all the terms and provisions of this Agreement by executing a counterpart thereof, (ii) all the terms and provisions of the Loan Agreement and the Project Documents by executing counterparts thereof or an assumption agreement, if requested by the Project Lenders, and (iii) all the terms and provisions of such other documents or instruments as may be required or appropriate in order to effect the admission of such Person as a Managing Member, and a certificate of amendment to the Certificate evidencing the admission of such Person as a Managing Member shall have been filed, and all other actions required by Section 1.07 in connection with such admission shall have been performed;

(c) if the successor or additional Person is a corporation, it shall have provided the Company with evidence satisfactory to counsel for the Company of its authority to become a Managing Member, to do business in the Commonwealth of Virginia and to be bound by the terms and provisions of this Agreement; and

(d) Counsel for the Company shall have rendered an opinion that the admission of the successor or additional Person is in conformity with the Act and that none of the actions taken in connection with the admission of the successor Person will cause the termination or dissolution of the Company or will cause it to be classified other than as a partnership for federal income tax purposes.

(e) Notwithstanding anything to the contrary contained in this Agreement, the Members hereby acknowledge and consent to (A) the granting of a security interest in the Company's rights, title and interest in and to the obligations of the Investor Member to make Capital Contributions to the Company pursuant to and in accordance with this Agreement (the "CC Collateral"), to and/or in favor of Atlantic Union Bank ("AUB") to secure the obligations of the Company to AUB under the loan documents evidencing, securing and otherwise governing the Construction Loan (collectively, as amended from time to time, the "**Construction Loan Documents**"), (B) the filing of financing statements by or on behalf of AUB, the execution and delivery of one or more pledge and/or security agreements in favor of AUB, and the taking of any and all such other actions as may be required by AUB to perfect its security interest in the CC Collateral, and (C) the exercise by AUB of all of its rights and remedies relating to its perfected security interest in the CC Collateral, whether under the Construction Loan Documents or at law

or in equity. The Members hereby further acknowledge and agree that the consummation of the transactions described above in this section shall not constitute a breach or default by any Member under this Agreement and/or the Loan Documents and shall not result in the acceleration or enforcement of any rights the Members may otherwise have in connection therewith.

Notwithstanding the foregoing, the Members hereby consent to (A) the pledge of, and the granting of a security interest in, the Managing Member's Interest and all of the other interests of the Managing Member in the Company (collectively, the "**MM Pledged Collateral**"), to and/or in favor of AUB in connection with the Construction Loan (the "**MM Pledgee**") to secure the obligations of the Company to AUB under the Construction Loan Documents, and (B) the exercise by the MM Pledgee of all of its rights and remedies relating to such pledge and security interest, whether under the Construction Loan Documents or at law or in equity (subject to the provisions of the last sentence of this subsection (e)). The Investor Member agrees that such pledge of the MM Pledged Collateral will be senior to the pledge to the Investor Member under the Managing Member Pledge. Upon the occurrence of an event of default under the Construction Loan Documents (and the expiration of any applicable notice and cure period), and upon any exercise by the MM Pledgee of its rights and remedies as a pledgee and secured creditor resulting in a transfer of title to all or any portion of the MM Pledged Collateral to the MM Pledgee, the MM Pledgee's nominee and/or any Person to whom the MM Pledgee may transfer such MM Pledged Collateral in a secured creditor's sale (each such Person being referred to herein as a "**Subsequent Transferee**"), the admission of such Subsequent Transferee as a substitute Managing Member shall require the Consent of the Investor Member; provided, that Investor Member agrees that such Consent shall not be unreasonably withheld conditioned or delayed, and will be based on the Investor Member's determination (which may be based on advice of its counsel) that (i) the admission of such Subsequent Transferee will not cause any adverse tax consequences to the Investor Member or the Company, (ii) the Subsequent Transferee has obtained the required consent (if any) of the Agency and any Project Lender for such admission, (iii) the Subsequent Transferee has the experience, current competence and financial resources (including the ability to have an affiliate provide a guaranty of its obligations hereunder), in the reasonable determination of the Investor Member, to construct and operate the Project and maintain the Tax Credits, and (iv) the conditions set forth in subsections (b)-(d) above have been met. Notwithstanding anything to the contrary contained in this Agreement, the Members agree and covenant that (x) all Members' Interests in the Company, whether now or hereafter issued and outstanding, shall be uncertificated and no election has or will be made to have the Interests governed by Article 8 of the Uniform Commercial Code adopted by the Commonwealth of Virginia without the prior written consent of AUB, and (y) the provisions set forth in this Section 6.02(e) may not be amended or restated without the prior written consent of AUB, and any attempt to do so in violation of the foregoing shall be null and void.

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

(a) In the event of the Bankruptcy of a Managing Member or the withdrawal, death or dissolution of a Managing Member, or an adjudication that a Managing Member is incompetent (which term shall include, but not be limited to, insanity) the business of the Company shall be continued by the other Managing Member(s); provided, however, that if the withdrawn, Bankrupt, deceased, dissolved or incompetent Managing Member is then the sole Managing Member, or if such Managing Member withdraws from the Company in contravention of the provisions of Section 6.01(a) of this Agreement, then the Company shall be terminated, unless within ninety (90) days after receiving Notice of such Bankruptcy, withdrawal, death, dissolution or adjudication of incompetence or breach of Section 6.01(a), the Investor Member elects to designate the Special Member or such other entity as the Investor Member may desire as a successor Managing Member and continue the Company upon the conversion of such Special Member to the Managing Member of the Company. Consequences of the removal of the Managing Member shall be determined under Section 6.05 hereof.

(b) Upon the Bankruptcy, death, dissolution or adjudication of incompetence of a Managing Member or breach of Section 6.01(a), such Managing Member shall immediately cease to be a Managing Member and its Interest shall without further action be converted to an Investor Member Interest; provided, however, that, if such Bankrupt, dissolved, incompetent, deceased or defaulted Managing Member is the sole remaining Managing Member, such Managing Member shall cease to be a Managing Member only upon the expiration of ninety (90) days after Notice to the Investor Member of the Bankruptcy, death, dissolution, declaration of incompetence or default of such Managing Member; and provided further that, if such Bankrupt, dissolved, incompetent, deceased or defaulted Managing Member is the sole remaining Managing Member, the converted Company Interest of such replaced Managing Member shall be ratably reduced to the extent necessary to insure that the substitute Managing Member(s) holds a .009% Percentage Interest (as set forth in Section 5.01).

(c) Except as set forth above, such conversion of a Managing Member Interest to an Investor Member Interest shall not affect any rights, obligations or liabilities (including without limitation, any of the Managing Member's obligations under Section 8.11 herein) of the Bankrupt, deceased, dissolved, removed, incompetent or defaulted Managing Member existing prior to the Bankruptcy, death, dissolution, removal, incompetence or default of such person as a Managing Member (whether or not such rights, obligations or liabilities were known or had matured).

(d) If, at the time of the withdrawal, Bankruptcy, death, dissolution, adjudication of incompetence or default under Section 6.01(a) of a Managing Member, the Bankrupt, withdrawn, deceased, dissolved, incompetent or defaulted Managing Member was not the sole Managing Member of the Company, the remaining Managing Member or Managing Members shall immediately (i) give Notice to the Investor Members of such Bankruptcy, death, dissolution, adjudication of incompetence or default, and (ii) make such amendments to this Agreement and execute and file such amendments or documents or other instruments as are necessary to reflect the conversion of the Interest of the Bankrupt, deceased, dissolved, incompetent or defaulted Managing Member and his having ceased to be a Managing Member.

The remaining Managing Member or Managing Members are hereby granted an irrevocable power of attorney, coupled with an interest, to execute any or all documents on behalf of the Members and the Company and to file such documents as may be required to effectuate the provisions of this Section 6.03.

6.04 Restrictions on Transfer of Managing Member's Interests. This is an agreement under which applicable law excuses the Investor Member from accepting performance from (i) any Managing Member which is a debtor in a case under the Bankruptcy Code, 11 U.S.C. § 101 et seq., (ii) a trustee of any such debtor, (iii) and/or the assignee of any such debtor or trustee. The Investor Member has entered into this Agreement with the Managing Member in reliance upon the unique knowledge, experience and expertise of the Managing Member, and its officers in the planning and implementation of the acquisition of the Project and in the area of affordable housing and development in general. The foregoing restriction on transfer is based in part on the above factors. The Managing Member expressly agrees that the Investor Member shall not be required to accept performance under this Agreement from any person other than the Managing Member, including, without limitation, any trustee of the Managing Member appointed under the Bankruptcy Code, 11 U.S.C. § 101 et seq., and any assignee of any such trustee.

6.05 Removal of the Managing Member.

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

(i) for (A) any fraud, gross negligence, intentional misconduct, or breach of fiduciary duty, or (B) failure to exercise reasonable care with respect to any material matter in the discharge of its duties and obligations as Managing Member (provided that such violation results in, or is likely to result in, a material detriment to or an impairment of the Project or assets of the Company), or

(ii) upon the occurrence of any of the following:

(A) the Managing Member or the Company shall have violated any material provisions of the Regulatory Agreement, the Extended Use Agreement and/or the Loan Agreement, or any material provisions of any other Project Document or other document required in connection with any Project Loan or any material provisions of a Project Lender and/or Agency requirements applicable to the Project, which violation has not been explicitly waived in writing by the applicable Project Lender or the Agency, as applicable;

(B) the Managing Member or the Company shall have (i) violated any material provision of this Agreement, including, without limitation, any of its guarantees or payment obligations under Sections 5.01(e), 5.05 and/or 8.11, (ii) violated any material provision of applicable

law, or (iii) the representation and warranty contained in Section 4.01(u) are and/or becomes false or inaccurate;

(C) the Managing Member or the Company shall have caused any Project Loan to go into default, which default remains uncured after the expiration of any applicable cure period;

(D) the Managing Member shall have conducted its own affairs or the affairs of the Company in such manner as would:

(1) cause the termination of the Company for federal income tax purposes;

(2) cause the Company to be treated for federal income tax purposes as an association, taxable as a corporation;

(3) in the reasonable opinion of the Investor Member, cause a recapture or reduction in Certified Credits;

(4) violate any federal or state securities laws;

(5) cause the Investor Member to be liable for Company obligations in excess of its Capital Contributions; or

(E) the amount of Actual Credits for any year are, or are projected by the Accountants to be, less than ninety percent (90%) of the Projected Credits for that year; or less than ninety percent (90%) of Certified Credits if Certified Credits have been determined and adjustments to the capital contribution of the Investor Member have been made as may be required under Section 5.01(e);

(F) cause for removal as a managing member of an Affiliated Company shall exist pursuant to the operating agreement of an Affiliated Company;

(G) the Managing Member fails to timely and promptly discharge the Management Agent if at any time cause for such removal exists;

(H) Bankruptcy or similar creditor's action is filed by or against the Company, the Managing Member or any Affiliate Guarantor; or

(I) any default by the Affiliate Guarantor under the Affiliate Guaranty;

(J) failure of the Affiliate Guarantor to maintain a minimum net worth of \$300,000;

(K) failure of the Company to achieve Breakeven Operations within six months of the Company's achievement of 95% occupancy; or

(L) any act or omission by the Managing Member that would substantially reduce tax benefits, or substantially increase tax liabilities, of the Investor Member.

(b) Procedure for Removal. The Investor Member shall give Notice to all Members and to the Project Lenders of its determination that the Managing Member shall be removed. The Managing Member shall have ten (10) days after receipt of such Notice to cure any default or other reason for such removal, in which event it shall remain as Managing Member. If, at the end of ten (10) days, the Managing Member has not cured any default or other reason for such removal, it shall cease to be Managing Member and the powers and authorities conferred on it as Managing Member under this Agreement shall cease and the Interests of such Managing Member shall be transferred to the Special Member or its designee which, without further action, shall become the Managing Member; in such event, upon becoming the Managing Member, such designee shall be bound by all applicable terms and conditions of this Agreement and of the Project Documents.

(c) Managing Member Obligations and Liability Following Removal.

(i) In the event that the Managing Member is removed as aforesaid prior to the Final Closing, it shall be and shall remain liable for all obligations and liabilities incurred by it as Managing Member of the Company before such removal shall become effective, including but not limited to the obligations and liabilities of the Managing Member with respect to its obligations set forth in Section 8.11 of this Agreement; provided however, that if amounts otherwise payable to the Managing Member as fees are applied to meet the obligations of the Managing Member as stated in Sections 5.01, 5.05 and 8.11 of this Agreement, such application shall serve to reduce any such liabilities of the Managing Member or any successor, except for any liability incurred as the result of its negligence, misconduct, fraud or breach of its fiduciary duties as Managing Member of the Company. If the Managing Member is removed as Member of the Company prior to the Final Closing as aforesaid, the Managing Member shall not be entitled to payment of the Incentive Management Fee or other fees which otherwise would have been due and payable under or pursuant to various Sections of this Article VI or Article VII.

(ii) In the event that the Managing Member is removed as aforesaid after the Final Closing, it shall be and shall remain liable for all obligations and liabilities incurred by it as Managing Member of the Company before such removal shall become effective, including but not limited to the Managing Member's obligations and liabilities under Section 8.11(b) of this Agreement; provided, however, that if amounts otherwise payable to the Managing Member or

Affiliates thereof as fees are applied by the Company to pay Operating Deficits, such application shall serve to reduce any such liabilities after the Final Closing, except for any liability incurred as the result of its negligence, misconduct, fraud or breach of its fiduciary duty as Managing Member of the Company. If the Managing Member is removed as Member of the Company at any time after the Final Closing, the Developer or its successor(s) shall continue to be paid subsequent to such removal, in accordance with the terms and conditions of this Agreement, any installments of the Development Fee which would have otherwise been due and payable to it pursuant to Section 8.12 and which are not otherwise being withheld; provided, however, upon any such removal of the Managing Member after the Final Closing, no further installments of the Incentive Management Fee shall be paid which are attributable to any period after such removal.

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

ARTICLE VII ASSIGNMENT TO THE COMPANY

The Managing Member hereby transfers and assigns to the Company all of its right, title and interest in and to the Project, including the following:

- (a) all contracts with architects, contractors and supervising architects with respect to the development of the Project;
- (b) all plans, specifications and working drawings, heretofore prepared or obtained in connection with the Project and all governmental approvals obtained, including planning, zoning and building permits;
- (c) any and all commitments with respect to the Project Loans and the LIHTC;
- (d) any and all rights under and pursuant to the Project Documents; and
- (e) any other work product related to the Project.

ARTICLE VIII RIGHTS, OBLIGATIONS AND POWERS OF THE MANAGING MEMBER

8.01 Management of the Company.

(a) Except as otherwise set forth in this Agreement, the Managing Member, within the authority granted to it under this Agreement, shall have full, complete and exclusive discretion to manage and control the business of the Company for the purposes stated in Article III, shall make all decisions affecting the business of the Company and shall manage and control the affairs of the Company to the best of its ability and use its best efforts to carry out the purpose of the Company. In so doing, the Managing Member shall take all actions necessary or appropriate to protect the interests of the Investor Member, Special Member and of the Company. The Managing Member shall devote such time as is necessary to the affairs of the Company.

(b) Except as otherwise set forth in this Agreement and subject to the applicable Project Lender and/or Agency rules and regulations and the provisions of the Loan Agreement, the Managing Member (acting for and on behalf of the Company), in extension and not in limitation of the rights and powers given by law or by the other provisions of this Agreement, shall, in its sole discretion, have the full and entire right, power and authority in the management of the Company business to do any and all acts and things necessary, proper, convenient or advisable to effectuate the purpose of the Company. In furtherance and not in limitation of the foregoing provisions, the Managing Member is specifically authorized and empowered to execute and deliver, on behalf of the Company, the Loan Agreements, the Regulatory Agreement, the Extended Use Agreement, the Notes, the Mortgages, and the other Project Documents, and to execute any and all other instruments and documents, and amendments thereto provided the Investor Member shall be provided with the opportunity to review and Consent to any such documents prior to their execution by the Managing Member, as shall be required in connection with the Project Loans, including, but not limited to, executing any mortgage, note, contract, building loan agreement, bank resolution and signature card, release, discharge, or any other document or instrument in any way related thereto or necessary or appropriate in connection therewith; provided, however, that copies of all applications for advances of proceeds of the Project Loans shall be provided to the Investor Member prior to the disbursement of any funds pursuant thereto and shall be subject to the Consent of the Investor Member; and provided further that any such applications which provide for the disbursement of funds of the Company in lieu of or in addition to the proceeds of the Project Loans shall be subject to the Consent of the Investor Member. All decisions made for and on behalf of the Company by the Managing Member shall be binding upon the Company. No person dealing with the Managing Member shall be required to determine its authority to make any undertaking on behalf of the Company, nor to determine any facts or circumstances bearing upon the existence of such authority.

8.02 Limitations Upon the Authority of the Managing Member.

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

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

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

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

(iv) knowingly rent apartments in the Project such that the Project would not meet the requirements of the Rent Restriction Test or Minimum Set-Aside Test;

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

(vi) execute or deliver any general assignment for the benefit of creditors or file a petition or acquiesce in the filing of a petition for Bankruptcy.

(b) The Managing Member shall not, without the Consent of the Investor Member which Consent shall not be unreasonably withheld, with the parties hereto agreeing and acknowledging that withholding such Consent would be reasonable if the action would likely be inconsistent with preserving the Project as a low-income housing project), have any authority to:

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

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

(iii) borrow in excess of \$10,000.00 in the aggregate at any one time outstanding on the general credit of the Company, except MM Loans and Operating Deficit Loans, and except as and to the extent provided for in an approved budget pursuant to Section 8.20;

(iv) following Final Closing, construct any new or replacement capital improvements on the Project which substantially alter the Project or its use or which are at a cost in excess of \$10,000.00 in a single Company fiscal year, or rebuild the Project with the use of insurance proceeds, except (a) replacements and remodeling in the ordinary course of business or under emergency conditions, or (b) reconstruction paid for from insurance proceeds, or (c) as and to the extent provided for in an approved budget pursuant to Section 13.03;

(v) acquire any real property in addition to the Project other than easements reasonable and necessary for the operation of the Project;

(vi) following Final Closing, refinance any Project Loan;

- (vii) confess a judgment against the Company in excess of \$5,000;
- (viii) admit any person as a Managing Member or an Investor Member, or withdraw as Managing Member, except as otherwise set forth in this Agreement;
- (ix) do any act in contravention of this Agreement or any other agreement to which Company is a party;
- (x) execute or deliver any assignment for the benefit of the creditors of the Company;
- (xi) transfer or hypothecate the Managing Member's interest as a Managing Member in the Company, including its interest in Company allocations or distributions, except as otherwise provided in this Agreement;
- (xii) dissolve the Company or take any action which would result in dissolution;
- (xiii) refinance, prepay or materially modify the terms of any mortgage or long-term liability of the Company, or sell, grant an option to acquire, exchange, mortgage, encumber, pledge or otherwise transfer all or any portion of any interest in the Company or the Company's interest in the Project, or borrow funds or participate in a merger or consolidation with any other entity;
- (xiv) change the nature of the business of the Company, or do any act which would make it impossible to carry on the ordinary business of the Company;
- (xv) materially change any accounting method or practice of the Company;
- (xvi) file a voluntary petition for bankruptcy of the Company;
- (xvii) make any expenditure or incur any liability on behalf of the Company in excess of \$10,000.00 which is not identified in the budget provided by the Managing Member to the Investor Member;
- (xviii) borrow funds from the Company;
- (xix) enter into or materially modify the Construction Contract (or any other construction contract), or agree to any change order under the Construction Contract (or any other construction contract) if any such change order is for \$10,000 or more, or is proposed when the amount of previous change orders plus the proposed change order would exceed \$20,000 (over the life of the Company);

(xx) commingle Company funds or assets with the funds or assets of the Managing Member or any Company or other entity owned or operated by the Managing Member to the Investor Member;

(xxi) possess Company property or assign rights in specific property for other than a business purpose of the Company;

(xxii) take any action which would cause the termination of the Company for federal income tax purposes under Code Section 708;

(xxiii) make, amend or revoke any tax election required of or permitted to be made by the Company under the Code or Regulations, including, without limitation, any election under Section 42 (including an election to treat any year other than 2021 as the first year of the Credit Period) for any other tax election affecting the amount, timing, availability or allocation of any LIHTC;

(xxiv) enter into any agreement or take any action without the prior Consent of the Investor Member with respect to any matters for which the prior Consent of the Investor Member is a prerequisite therefore;

(xxv) approve any increase in fees to the Managing Member or any affiliate of the Managing Member;

(xxvi) change in ownership, control or management of the Managing Member;

(xxvii) allow this Agreement to be amended;

(xxviii) invest assets of the Company in (A) investments specifically not contemplated by this Agreement, or (B) in investments other than U.S. Treasury Bills, Notes or Bonds, or bank accounts, money market accounts or certificates of deposit in institutions insured by the Federal Deposit Insurance Corporation. However, investment of such assets may be expanded upon approval by the Investor Member.

8.03 Sale of Project.

(a) Investor Member Request for Sale. Notwithstanding the foregoing Section 8.02, and subject to all Agency regulations then in effect and the receipt of all required approvals and consents of the Project Lenders, and subject further to the extended use requirements applicable pursuant to Section 42(h)(6) of the Code, at any time after the fourteenth (14th) anniversary of the first day of the first taxable year of the applicable LIHTC compliance period the Investor Member may request that the Company do one of the following: (i) sell the Project subject to the Extended Use Agreement (a "Continued Compliance Sale"); or (ii) request that the

Agency arrange for the sale of the Project after receipt of a Qualified Contract (a "Compliance Termination Sale").

(b) Continued Compliance Sale. After receipt of a request for a Continued Compliance Sale, the Managing Member shall use its best efforts to find a third party purchaser for the Project and to cause the Company to consummate a sale of the Project subject to the Extended Use Agreement and on terms Consented to by the Investor Member. If such efforts are not successful on terms reasonably satisfactory to the Investor Member within four (4) months, the Investor Member shall have the right thereafter to locate a purchaser for the Project. If the Investor Member locates such a purchaser, the Managing Member shall be given a right of first refusal to purchase the Project on the same terms and conditions as would be applicable to such purchaser. If such right of first refusal is not exercised by the Managing Member within thirty (30) days, then the Managing Member shall be obligated to consent to the sale to such purchaser so long as the purchase price and other terms offered by such purchaser are at least as favorable to the Company as the best offer, if any, located by the Managing Member. If the Investor Member requests that the Compliance Termination Sale be conducted in a manner that would result in the conversion of the Project to a condominium regime of ownership and the sale of individual condominium units, the Managing Member shall use diligent efforts to accomplish such conversion on such terms which are reasonably satisfactory to the Investor Member.

(c) Compliance Termination Sale. After receipt of a request for a Compliance Termination Sale, the Managing Member shall make a request to the Agency to obtain a buyer who is willing to operate the low-income units of the Project as a qualified low-income building and who will submit a Qualified Contract for the Project, and if no Qualified Contract is submitted within one year of the date of the Managing Member's request to the Agency, the Managing Member shall use its best efforts to find a third party purchaser and to cause the Company to consummate a sale of the Project to such purchaser on terms Consented to by the Investor Member and free of the restrictions imposed by the Extended Use Agreement. If such efforts are not successful on terms reasonably satisfactory to the Investor Member within six (6) months, the Investor Member shall have the right thereafter to locate a purchaser for the Project. If the Investor Member locates such a purchaser, the Managing Member shall be given a right of first refusal to purchase the Project on the same terms and conditions as would be applicable to such purchaser. If such right of first refusal is not exercised by the Managing Member within thirty (30) days, then the Managing Member shall be obligated to consent to the sale to such purchaser so long as the purchase price and other terms offered by such purchaser are at least as favorable to the Company as the best offer, if any, located by the Managing Member. If the Investor Member requests that the Compliance Termination Sale be conducted in a manner that would result in the conversion of the Project to a condominium regime of ownership and the sale of individual condominium units, the Managing Member shall use diligent efforts to accomplish such conversion on such terms which are reasonably satisfactory to the Investor Member.

(d) Managing Member Option. The Managing Member or its designee if it is a qualified non-profit under the terms of Section 42(i)(7) of the Code, shall have the right of first refusal to purchase the Project at the end of the low-income housing tax credit compliance period,

in accordance with said Section 42(i) (7) of the Code, for an amount equal to at least the sum of (i) \$1.00, plus (ii) all outstanding debt of the Company, including debt encumbering the Project, plus (iii) the aggregate federal, state and local (if any) income tax liabilities which would be incurred by the Members of the Investor Member as a consequence of such purchase, on the terms set forth in **Exhibit L** attached hereto.

8.04 **Management Purposes.** In conducting the business of the Company, the Managing Member shall be bound by the Company's purposes set forth in Article III.

8.05 **Delegation of Authority.** The Managing Member may delegate all or any of its powers, rights and obligations hereunder, and may appoint, employ, contract or otherwise deal with any Person for the transaction of the business of the Company, which Person may, under supervision of the Managing Member, perform any acts or services for the Company as the Managing Member may approve.

8.06 **Managing Member or Affiliates Dealing with Company.** The Managing Member or any Affiliates thereof shall have the right to contract or otherwise deal with the Company for the sale of goods or services to the Company in addition to those set forth herein, if (a) compensation paid or promised for such goods or services is reasonable (i.e., at fair market value) and is paid only for goods or services actually furnished to the Company, (b) the goods or services to be furnished shall be reasonable for and necessary to the Company, (c) the fees, terms and conditions of such transaction are at least as favorable to the Company as would be obtainable in an arm's-length transaction, (d) no agent, attorney, accountant or other independent consultant or contractor who also is employed on a full-time basis by the Managing Member or any Affiliate shall be compensated by the Company for his services. Any contract covering such transactions shall be in writing and shall be terminable without penalty on sixty (60) days' Notice. Any payment made to the Managing Member or any Affiliate for such goods or services shall be fully disclosed to all Investor Members in the reports required under Section 13.02. Neither the Managing Member nor any Affiliate shall, by the making of lump sum payments to any other Person for disbursement by such other Person, circumvent the provisions of this Section 8.06.

8.07 **Other Activities.** Except as limited in Section 8.06, Affiliates of the Managing Member may engage in or possess interests in other business ventures of every kind and description for their own account, including, without limitation, serving as general partner of other limited partnerships or the managing member of other limited liability companies which own, either directly or through interests in other companies or partnerships, government assisted housing developments similar to the Project. Neither the Company nor any of the Members shall have any rights by virtue of this Agreement in or to such other business ventures or to the income or profits derived therefrom.

8.08 **Liability for Acts and Omissions.** No Managing Member or Affiliate thereof shall be liable, responsible or accountable in damages or otherwise to any of the Members for any act or omission performed or omitted by it in good faith on behalf of the Company and in a manner reasonably believed by it to be within the scope of the authority granted to it by this Agreement

and in the best interest of the Company, provided that the protection afforded the Managing Member pursuant to this Section 8.08 shall not apply in the case of negligence, misconduct, fraud or any breach of fiduciary duty as Managing Member with respect to such acts or omissions. Any loss or damage incurred by any Managing Member or Affiliate thereof by reason of any act or omission performed or omitted by it or any of them in good faith on behalf of the Company and in a manner reasonably believed by it to be within the scope of the authority granted by this Agreement and in the best interests of the Company (but not, in any event, any loss or damage incurred by the Managing Member or Affiliate thereof by reason of negligence, misconduct or fraud of the Managing Member or Affiliate thereof, or any breach of fiduciary duty as Managing Member, with respect to such acts or omissions) shall be paid from Company assets (except for reserves) to the extent available (but the Investor Members shall not have any personal liability to the Managing Member or Affiliate(s) thereof under any circumstances on account of any such loss or damage incurred by the Managing Member or Affiliate(s) thereof or on account of the payment thereof).

8.09 Indemnification of Investor Member and the Company. The Managing Member and the Company shall, jointly and severally, indemnify, defend, and save harmless the Investor Member and Special Member from and against any claim, loss, expense, action or damage, including without limitation, reasonable costs and expenses of litigation and appeal (and the reasonable fees and expenses of counsel) asserted against the Investor Member or Special Member based on any act, omission, malfeasance or nonfeasance of the Company or the Managing Member, including without limitation any claim that the Investor Member or Special Member is liable for any indebtedness of the Company and excluding only liability directly caused by the Investor Member or Special Member's gross negligence or bad faith conduct. In addition, the Managing Member and the Company shall, jointly and severally, indemnify, defend, save and hold harmless the Investor Member and Special Member, and their representatives, from and against any and all costs, losses, liabilities, damages, lawsuits, proceedings (whether formal or informal), investigations, judgments, orders, settlements, recoveries, obligations, deficiencies, claims and expenses (whether or not arising out of third party claims), including, without limitation, interest, penalties, attorneys' fees and all amounts paid in investigation, or settlement of any of the foregoing, incurred in connection with or arising out of or resulting from the operations of the Managing Member, the Company or the Project prior to the date of this Agreement.

8.10 Net Worth of Managing Member. The Managing Member shall maintain a minimum net worth in an amount as may be necessary to assure that the Company will be taxed as a partnership, and not as an association taxable as a corporation, for federal income tax purposes.

8.11 Construction of the Project, Construction Cost Overruns, Operating Deficits; Other Managing Member Guarantees.

(a) Construction Completion Guaranty.

(i) The Company has entered into the Construction Contract. The Managing Member shall be responsible for:

(A) achieving completion of construction of the Project on a timely basis in accordance with the Plans and Specifications for the Project, the terms of this Agreement, the Project Documents and all legal requirements;

(B) meeting all requirements for obtaining all necessary unconditional certificate(s) of occupancy for all the apartment units in the Project;

(C) fulfilling all actions required of the Company to assure that the Project satisfies the Minimum Set-Aside Test and the Rent Restriction Test;

(D) causing the making of the Project Loans by the respective Project Lenders; and

(E) achieving Final Closing.

(ii) The Managing Member hereby is obligated to pay all Excess Development Costs; the Company shall have no obligation to pay any Excess Development Costs. Any amounts paid by the Managing Member pursuant to this subsection (a) shall be in the form of a loan to the Company (a "Completion Loan"). Any Completion Loan will be in the following terms: (A) it shall be unsecured; (B) it shall not bear interest; (C) it shall be repayable solely from Net Cash Flow and proceeds of a Capital Transaction at the time and in the amounts set forth in Sections 11.03(b), 11.04 and 12.02(a) of this Agreement; and (D) a Completion Loan shall be fully subordinated to payment of Project Loans, MM Loans, and indebtedness of the Company to all Persons other than Members.

(iii) In the event that the Managing Member shall fail to pay any such Excess Development Costs as required in this Section 8.11(a), an amount not in excess of the total of any remaining unpaid installments of the Development Fee due pursuant to Section 8.12 shall be suspended by the Company until such obligations are met by the Managing Member.

(b) Operating Deficit Guaranty. In the event that, at any time during the period commencing on achievement of Breakeven Operations and ending on the fifteenth anniversary of such date, an Operating Deficit shall exist, the Managing Member shall provide such funds to the Company as shall be necessary to pay such Operating Deficits. Funds provided after the achievement of Breakeven Operations shall be in the form of a loan to the Company (the "Operating Deficit Loan(s)"). Any Operating Deficit Loan shall be on the following terms: (i) it shall be unsecured; (ii) it shall not bear interest; (iii) it shall be repayable solely from Net Cash Flow and proceeds of a Capital Transaction at the time and in the amounts set forth in Sections 11.03(b), 11.04 and 12.02(a) of this Agreement; and (iv) Operating Deficit Loans shall be fully subordinated to payment of Project Loans, MM Loans, and indebtedness of the Company to all

Persons other than Members. In the event that the Managing Member shall fail to make any such Operating Deficit Loan as aforesaid, the Company shall utilize amounts otherwise payable as installments of the Development Fee pursuant to Section 8.12 of this Agreement to meet the obligations of the Managing Member pursuant to this Section 8.11(b). Amounts so utilized shall also constitute payment and satisfaction of installments of the Development Fee and such other fees payable under the aforesaid Section of this Agreement, and the obligation of the Company to make such installment payments pursuant to such Sections, as well as the Investor Member's obligation to make future Capital Contributions, shall be reduced correspondingly. For the purpose of this Section 8.11(b), all expenses shall be paid on a sixty (60) day current basis.

(c) LIHTC Compliance Guaranty. (i) If with respect to any fiscal year of the Company there is a LIHTC Shortfall, the Managing Member shall, within forty-five (45) days following the close of such fiscal year, pay the Investor Member an amount equal to (A) the amount of the LIHTC Shortfall for the fiscal year immediately preceding the payment due date multiplied by \$1.00, (B) all penalties and interest imposed by the Code and assessed against the Investor Member by the IRS with respect to any LIHTC Shortfall, and (C) an amount sufficient to pay any tax liability owed by the Investor Member resulting from the receipt of the amounts specified in the foregoing clauses (A), (B) and this clause (C) of this Section 8.11(c)(i) (such calculation to be made assuming the Investor Member is subject to the highest federal and state tax rates imposed on corporate tax payers under the Code at that time for the taxable year of the Investor Member in which such payment is taken into income by the Investor Member), together with interest on such amounts at the Prime Rate accruing from such payment due date.

(ii) The Managing Member irrevocably and unconditionally guarantees payments specified in this Section 8.11(c)(ii) to the Investor Member if there is a LIHTC Recapture Event. The payments required by this Section 8.11(c)(ii) shall be the sum of the following amounts: (A) the amount of LIHTC previously allocated to the Investor Member and subsequently disallowed because of such LIHTC Recapture Event multiplied by \$1.00; (B) the "credit recapture amount" (as defined in Code Section 42(j)(2)) allocated to the Investor Member because of such LIHTC Recapture Event; (C) all penalties and interest imposed by the Code and assessed against the Investor Member by the IRS with respect to such LIHTC Recapture Event; (D) an amount sufficient to pay any tax liability owed by the Investor Member resulting from the receipt of the amounts specified in the foregoing clauses (A), (B), (C) and this clause (D) of this Section 8.11(c)(ii) (such calculation to be made assuming the Investor Member is subject to the highest federal and state tax rate imposed on corporate taxpayers under the Code at that time for the taxable year of the Investor Member in which such payment is taken into income by the Investor Member, together with interest on such amounts at the Prime Rate accruing from the date the Investor Member remits funds to a taxing authority with respect to a LIHTC Recapture Event; and (E) if the cause of the LIHTC Recapture Event will, in determination of the Investor Member, decrease the maximum amount of LIHTC that will be available to the Company and allocated to the Investor Member during the remainder of the compliance period under Section 42 of the Code, assuming full compliance with Section 42 of the Code, then an amount equal to the total amount of such decrease. The Managing Member shall make such payment to the Investor Member within forty-five (45) days of the LIHTC Recapture Event.

(iii) The LIHTC Compliance Guaranty set forth herein shall not apply to amounts due solely to the transfer by the Investor Member of all or a portion of its Interest in the Company or to changes in the tax law after the date hereof with which the Managing Member is unable to comply despite the exercise of its good faith and reasonable efforts.

(iv) Intentionally Omitted.

(v) Funds provided by the Affiliate Guarantor with respect to the Managing Member's obligations under subparagraphs (i) or (ii) above shall be in the form of a loan to the Company (the "Guarantor LIHTC Compliance Loan"). Any Guarantor LIHTC Compliance Loan shall be on the following terms: (i) it shall be unsecured; (ii) it shall bear no interest; and (iii) it shall be repayable solely from proceeds of a Capital Transaction or liquidation at the time and in the amounts set forth in Sections 11.04 and 12.02(a) of this Agreement. Notwithstanding the foregoing, the Investor Member shall have the authority to treat any guarantee payment made on behalf of the Company by its Managing Member or the Affiliate Guarantor as (i) a capital contribution to the capital of the Company by the Managing Member in the amount of such guarantee payment that is matched with a corresponding upward adjustment to such Managing Member's capital account in the Company or (ii) as a loan (as described above) by the Managing Member in the amount of such guarantee payment, so as to minimize any possible unintended increase in the amount of depreciation and tax credits allocated to the Managing Member; provided that any losses or other deductions, other than depreciation, relating to such capital contribution or loan, shall be allocated to the Managing Member making such guarantee payment.

(d) Project Loan Funding Guaranty. The Managing Member irrevocably and unconditionally guarantees and covenants that the Company shall receive full funding of the Project Loans on or before June 30, 2021, on the terms set forth on **Exhibit F** attached hereto. The Managing Member represents and warrants that the source of funds for the Project Loans do not include, in whole or in part, "federal subsidies" within the meaning of Code Section 42(i) (i.e. the source of funds for the Project Loans does not include, in whole or in part, a "tax-exempt obligation," an obligation the interest on which is exempt from tax under Code Section 103). The Project Loan documents shall contain such other terms as may be Consented to by the Investor Member.

8.12 Development Fee. The Company has entered into a Development Agreement (materially in the form of **Exhibit A** attached hereto) of even date herewith with the Developer for its services in connection with the development and construction of the Project. In consideration for such services, a Development Fee in a total amount equal to \$492,000 shall be payable by the Company, in accordance with the terms of the Development Agreement and Article XI of this Agreement. In no event shall full payment of the Development Fee be later than the termination of the Compliance Period. It is anticipated that \$92,663 of the Development Fee will be deferred and paid pursuant to Article XI.

8.13 Incentive Management Fee. The Company has entered into an Incentive Management Fee Agreement in the form attached hereto as **Exhibit B**, with the Managing Member of even date herewith for its services in managing the business of the Company for the period from the date hereof throughout the term of the Company. In no event shall the Incentive Management Fee be cumulative. Payment of such fee shall be in accordance with any applicable requirements of the Project Lenders.

8.14 Withholding of Fee Payments.

(a) Conditions for Withholding. In the event that (i) the Managing Member or any successor Managing Member shall not have substantially complied with any material provisions under this Agreement, or under the operating agreement with respect to an Affiliated Company, after Notice from the Investor Member of such noncompliance and failure to cure such noncompliance within a period of thirty (30) days from and after the date of such Notice, or (ii) any Project Lender shall have declared the Company to be in default under any Project Loan or under any of the mortgage loans as to an Affiliated Company, or (iii) foreclosure proceedings shall have been commenced against the Project or against an Project owned by the Affiliated Company, then (A) the Managing Member shall be in default of this Agreement, and the Company shall withhold payment of any installment of fees and/or allowance payable pursuant to Sections 4.02(s), 8.12 and/or 8.13 and (B) the Managing Member shall be liable for the Company's payment of any and all installments of the Development Fee payable pursuant to Section 8.12.

(b) Release of Fees. All amounts so withheld by the Company under this Section 8.14 shall be promptly released to the payees thereof only after the Managing Member has cured the default justifying the withholding, as demonstrated by evidence reasonably acceptable to the Investor Member.

8.15 Selection of Management Agent; Terms of Management Agreement. The Company shall engage such person, firm or company as the Managing Member may select, and as the Investor Member may approve, which approval shall not be unreasonably withheld (hereinafter referred to as "Management Agent") to manage the operation of the Project during the rent up period and following Final Closing. The Management Agent must be a VHDA certified Property Manager. The Management Agent shall be paid a management fee subject to the approval of the Agency and/or the Project Lenders, if required, and the Special Member, but in no event will the management fee be greater than 9.80% of gross rental income. The contract between the Company and the Management Agent and the management plan for the Project shall be in the form set forth in **Exhibit G**, with such changes acceptable to the Agency and/or the Project Lenders, if required, and reasonably acceptable to the Special Member. Such contract shall provide, among other things, that it shall be cancelable upon thirty (30) days' prior notice from the Company, and that the Management Agent will accrue the management fee to the extent necessary at any time to prevent a default under any Project Loan. Whenever the management agent for the Project is the Managing Member or an Affiliate of the Managing Member, the management agreement shall provide that it is immediately terminable at the election of the Investor Member or Special Member in the event of (a) the removal or withdrawal of the Managing Member, or (b) any material breach

of or noncompliance with any provision of this Agreement by the Managing Member or any Affiliate of the Managing Member. Any other agreement entered into by the Company and any Managing Member or any Affiliate thereof shall specifically provide that such agreement shall be immediately terminable at the election of the Investor Member or Special Member if the Managing Member is removed or withdraws. The Sponsor is approved by the parties hereto as the initial Management Agent.

8.16 Removal of the Management Agent. The Managing Member:

(a) may, upon receiving any required approval of the Project Lenders and the Investor Member, dismiss the Management Agent as the entity responsible for the Project under the terms of the contract between the Company and the Management Agent, and

(b) shall, at the request of the Investor Member, remove the Management Agent if the Special Member determines that the same is necessary to protect the interest of the Company or if the Management Agent is declared Bankrupt, is dissolved, or makes an assignment for the benefit of its creditors, or for any intentional misconduct by the Management Agent or its negligence in the discharge of its duties and obligations as Management Agent (subject to the fulfillment and expiration of any notice and/or opportunity to cure provisions of the Management Agreement), including, without limitation, for any action or failure to take any action which:

(i) violates in any material respect any provision of the Management Agreement entered into with the Company and approved by the Project Lenders, if required, and/or any material provision of the Project Documents and/or the Loan Documents applicable to the Project, or the Project Lenders-approved management plan for the Project;

(ii) violates in any material respect any provision of this Agreement or provision of applicable law; or

(iii) causes the Project to be operated in a manner which if continued would give rise to an event which would cause or would likely cause a recapture of LIHTC.

8.17 Replacement of the Management Agent. Upon the removal of the Management Agent as the entity responsible for the management of the Project, a substitute Management Agent which is not an Affiliate of the Managing Member shall be named by the Managing Member, subject to the approval of the Project Lenders, if required, and the approval of the Investor Member.

8.18 Loans to the Company. The Company is authorized to receive Operating Deficit Loans and MM Loans on the terms set forth in this Agreement. In addition, if (a) additional funds are required by the Company for any purpose relating to the business of the Company or for any of its obligations, expenses, costs or expenditures, and (b) the Company has not received an Operating Deficit Loan, or MM Loan to pay such amounts, then the Company may borrow such funds as are needed from a Person or organization, other than a Member or an Affiliate of a

Member, in accordance with the terms of this Section 8.18, for such period of time and on such terms as the Managing Member and the Investor Member may agree; provided, however, that no such additional loans shall be secured by any mortgage or other encumbrance on the property of the Company without the prior approval of the Investor Member except that such approvals shall not be required in the case of the hypothecation of personal property purchased by the Company and not included in the security agreements executed by the Company at the time of Initial Closing. Nothing in this Section 8.18 shall modify or affect the obligation of the Managing Member to make Operating Deficit Loans and to perform its obligations when and as required by this Agreement.

8.19 Affiliate Guaranty. Concurrently with the execution of this Agreement, the Managing Member shall deliver to the Investor Member (a) the Affiliate Guaranty fully executed by each Affiliate Guarantor, (b) a pledge and security agreement executed by the Managing Member in the form of **Exhibit E** attached hereto (the "Managing Member Pledge"), wherein the Managing Member pledges and grants a security interest in its Managing Member interest in the Company and in each Affiliated Company to secure its obligation under this Agreement, and (c) an opinion of counsel to the Affiliate Guarantors in form satisfactory to the Investor Member regarding the Affiliate Guaranty and the Managing Member Pledge.

8.20 Intentionally Deleted.

8.21 Accounting Fee. An accounting fee shall be paid to Virginia Housing Capital Corporation under the Agreement to Provide Accounting and Reporting Services, the form of which is attached hereto as **Exhibit J.** The obligation to pay such fee shall terminate at the end of the next year following the termination of the Compliance Period.

8.22 Public Relations. The Managing Member shall provide written and timely notice of any groundbreaking, ribbon-cutting or other public relations ceremonies for the Project to the Investor Member and recognize the Investor Member and the Investor Member's members at such public relations ceremonies.

ARTICLE IX
TRANSFERS AND RESTRICTIONS ON TRANSFERS
OF INTERESTS OF INVESTOR MEMBERS

9.01 Restrictions on Transfer of Investor Members' Interests.

(a) Under no circumstances will any offer, sale, transfer, assignment, hypothecation or pledge of any Investor Member Interest be permitted unless the Managing Member, in its sole discretion, shall have Consented thereto, and the Project Lenders, if required, also shall have Consented thereto, provided however, that the Managing Member shall not unreasonably withhold its Consent to the pledge by the Investor Member of its Investor Member Interest or a transfer of its right to receive distributions hereunder, so long as no pledgee or transferee shall have any right to become a Substitute Investor Member in the Company or exercise any voting rights of the Investor Member.

(b) The Investor Member whose interest is being transferred shall pay such reasonable expenses as may be incurred by the Company in connection with such transfer.

(c) Nothing in this Section 9.01 shall limit the authority of the Investor Member to sell, transfer and/or assign interests within the Investor Member or to transfer Interests of the Investor Member to (i) any Affiliate of the Investor Member or Special Member, in the sole discretion of the Investor Member, at any time and from time to time, or (ii) to any other Person once during the term of this Agreement upon Notice to the Managing Member(s).

9.02 Admission of Substitute Investor Members.

(a) Subject to the other provisions of this Article IX, an assignee of the Interest of an Investor Member (which shall be understood to include any purchaser, transferee, donee, or other recipient of any disposition of such Interest) shall be deemed admitted as a Substitute Investor Member of the Company only upon the satisfactory completion of the following:

(i) Consent of the Managing Member (which may be withheld in its sole discretion), and the consent of the Project Lenders, if required, shall have been given; such Consent of the Managing Member may be evidenced by the execution by the Managing Member of an amended Agreement and/or Certificate evidencing the admission of such Person as an Investor Member pursuant to the requirements of the Act, provided, however, that no Consent shall be required for any sale, transfer or assignment pursuant to Section 9.01 (c);

(ii) the assignee shall have accepted and agreed to be bound by the terms and provisions of this Agreement by executing a counterpart thereof or an appropriate amendment hereto, and such other documents or instruments as the Managing Member may require in order to effect the admission of such Person as an Investor Member;

(iii) an amended Agreement and/or Certificate evidencing the admission of such Person as an Investor Member shall have been filed for recording pursuant to the requirements of the Act;

(iv) if the assignee is a corporation, the assignee shall have provided the Managing Member with evidence satisfactory to Counsel for the Company of its authority to become an Investor Member under the terms and provisions of this Agreement; and

(v) the assignee or the assignor shall have reimbursed the Company for all reasonable expenses, including all reasonable legal fees and recording charges, incurred by the Company in connection with such assignment.

(b) For the purpose of allocation of profits, losses and credits, and for the purpose of distributing cash of the Company, a Substitute Investor Member shall be treated as having become, and as appearing in, the records of the Company as a Member upon his signing of an amendment to this Agreement agreeing to be bound hereby.

(c) If the Managing Member has determined it will Consent to the admission, the Managing Member shall cooperate with the Person seeking to become a Substitute Investor Member by preparing the documentation required by this Section and making all official filings and publications. In such event, the Company shall take all such action, including the filing, if required, of any amended Agreement and/or Certificate evidencing the admission of any Person as an Investor Member, and the making of any other official filings and publications, as promptly as practicable after the satisfaction by the assignee of the Interest of an Investor Member of the conditions contained in this Article IX to the admission of such Person as an Investor Member of the Company. Any cost or expense incurred in connection with such admission shall be borne by the Substitute Investor Member.

9.03 Rights of Assignee of Company Interest.

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

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

ARTICLE X
RIGHTS AND OBLIGATIONS OF INVESTOR MEMBERS

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

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

10.03 Other Activities. Any Investor Member may engage in or possess interests in other ventures of every kind and description for its own account, including without limitation, serving as general partner or managing member of other limited partnerships or limited liability companies which own, either directly or through interests in other limited liability companies or limited partnerships, government-assisted housing projects similar to the Project. Neither the Company nor any of the Members shall have any right by virtue of this Agreement in or to such other business ventures to the income or profits derived therefrom.

ARTICLE XI
PROFITS, LOSSES AND DISTRIBUTIONS

11.01 Allocation of Profits and Losses Other Than From Capital Transactions.

(a) Manner of Determination. Profits, Losses and credits for all purposes of this Agreement shall be determined in accordance with the definition of the same under Article II of the Agreement (as applicable) and in accordance with the accrual accounting method and in accordance with applicable Code sections and Treasury Regulations governing same.

(b) Allocations. All Profits and Losses, except those items in Sections 11.02, 11.05 and 11.07 below, shall be allocated to the Members in accordance with their Percentage Interests. Every item of income, gain, loss, deduction, or tax preference entering into the computation of such Profits and Losses, or applicable to the period during which such Profits and Losses were realized, shall be considered allocated to each Member in the same proportion as

Profits and Losses are allocated to such Member.

(c) Intentionally Deleted.

(d) Special Member Allocation. Notwithstanding any provisions in the Agreement to the contrary, in no event shall the Special Member be allocated more than its Percentage Interest, determined as of the date hereof, of any item of Company income, gain, loss, deduction, credit or basis.

11.02 Allocation of Profits and Losses from Capital Transactions. Except to the extent provided in Sections 11.07, Profits and Losses recognized by the Company upon a Capital Transaction shall be allocated in the following manner:

(a) Profits shall be allocated (i) first, to the Members with negative Capital Account balances, that portion of gains (including any gains treated as ordinary income for federal income tax purposes) which is equal in amount to, and in proportion to, such Members' respective negative Capital Accounts in the Company; provided that no gain shall be allocated under this Section 11.02(a)(i) to a Member once such Member's Capital Account is brought to zero and (ii) second, gains in excess of the amount allocated under (i) shall be allocated to the Members in the amounts and to the extent necessary to increase the Members' respective Capital Accounts so that the proceeds distributed under Section 11.04(d) and (f) will be distributed in accordance with the Members' respective Capital Accounts.

(b) Losses shall be allocated (i) first, to the extent and in such proportions as the respective positive balances in all Members' Capital Accounts, and (ii) second, any remaining loss to the Members in accordance with the manner in which they bear the economic risk of loss associated with such loss or, if none, to the Members in accordance with their Membership Interests.

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

11.03 Distributions: Net Cash Flow.

(a) Determination of Net Cash Flow. Net Cash Flow shall be determined separately for each fiscal year or portion thereof commencing on the day after Final Closing and shall not be cumulative. Wherever there is a reference to the distribution of Net Cash Flow pursuant to the provisions of this Agreement, Net Cash Flow shall be deemed to be limited to Surplus Cash available for distribution. Income received by the Company from the period commencing with the date of receipt of the initial certificate of occupancy with respect to the Project and ending on the date of the Final Closing shall not be distributed during such period and shall be treated as Net Cash Flow with respect to the first Payment Date following Final Closing.

(b) Manner of Distribution. Subject to the approval of the Project Lenders, if required, Net Cash Flow shall be applied and/or distributed on each Payment Date in the following priority:

(i) first, to the Investor Member until the aggregate amount of distributions made to the Investor Member under this Section 11.03(b)(i) for the current and all prior years equals the Assumed Investor Member Tax Liability for the current and all prior years;

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

(iii) third, to the Managing Member until the aggregate amount of distributions made to the Managing Member under this Section 11.03(b)(iii) for the current and all prior years equals the Assumed Managing Member Tax Liability for the current and all prior years;

(iv) fourth, to replenish the Operating Reserve to the Initial Amount;

(v) fifth, to the Developer until all amounts due under the Development Agreement have been paid in full;

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

(vii) seventh to the payment of the Incentive Management Fee; and

(viii) thereafter, 99.99% to the Investor Member; .009% to the Managing Member; and .001% to the Special Member.

Notwithstanding anything to the contrary contained herein, if the amount of the distribution to the Investor Member under Section 11.03(b) is less than 10% of the Net Cash Flow of the Project, then the Investor Member shall receive a priority distribution before any distributions under Section 11.03(b)(vii) and (viii) in an amount such that, when added to the sum distributable to the Investor Member under Section 11.03(b), shall equal 10% of Cash Flow.

(c) Distributions to be Subject to Regulatory Restrictions. Notwithstanding the foregoing, during such time as regulations of the Project Lenders are applicable to the Project, the total amount of Net Cash Flow which may be so distributed to the Members with respect to any fiscal year shall not exceed such amounts as such regulations permit to be distributed.

11.04 Distributions: Capital Transactions and Liquidation of Company Property. Except as may be required under Section 12.02(b), the proceeds resulting from the liquidation of the Company assets pursuant to Section 12.02, and the net proceeds resulting from any Capital Transaction, as the case may be, shall be distributed and applied in the following order of priority:

(a) to the payment of all matured debts and liabilities of the Company (including amounts due pursuant to any Project Loan and all expenses of the Company incident to any such sale or refinancing), excluding (1) debts and liabilities of the Company to Members or any Affiliates, and (2) all unpaid fees owing to the Managing Member under this Agreement;

(b) to the setting up of any reserves which the Liquidator (or the Managing Member if the distribution is not pursuant to the liquidation of the Company) deems reasonably necessary for contingent, unmatured or unforeseen liabilities or obligations of the Company;

(c) Twenty Thousand and No/100 Dollars (\$20,000.00) to the Special Member, or its assignee as a Capital Transaction Administrative Fee, either upon sale or transfer of Investor Member interest;

(d) to the payment of any debts and liabilities (including unpaid fees) owed to the Members or any Affiliates by the Company for Company obligations; provided, however, that the foregoing debts and liabilities owed to Members and their Affiliates shall be paid or repaid, as applicable, in the following order of priority, if and to the extent applicable: (i) to the Investor Member, an amount equal to any outstanding LIHTC Reduction Guaranty Payment, or any Unpaid LIHTC Shortfall (applied first to accrued but unpaid interest (at the Default Rate) and then principal); (ii) to the Investor Member, an amount equal to any Special Additional Capital Contribution; (iii) to the payment of any outstanding MM Loans and loans made by the Managing Member pursuant to Section 8.11(a)(i) and/or 8.11(a)(ii) pro rata based on their respective outstanding balances, if applicable; (iv) amounts due under the Development Agreement; (v) amounts due with respect to Operating Deficit Loans, if any; and (vi) any other such debts and liabilities;

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

(f) to payment of the Guarantor LIHTC Compliance Loan (or, if funds provided are a capital contribution, under Section 8.11(c)(v), as a return of such capital); and

(g) the balance, .009% to the Managing Member, 99.99% to the Investor Member, and .001% to the Special Member.

Written determination of the proposed distributions of proceeds of Capital Transactions, showing all relevant calculations and assumptions, shall be delivered to the Investor Member and Special Member not later than twenty (20) days prior to the Company entering into any agreement for a Capital Transaction, and written confirmation or any revision thereof shall be delivered to the Investor Member and Special Member not later than twenty (20) days prior to the making of any such distribution. Distributions hereunder shall be made within five (5) days of the Company's receipt of such proceeds.

11.05 Distributions and Allocations: General Provisions.

(a) In any year in which a Member sells, assigns or transfers all or any portion of an Interest to any Person who during such year is admitted as a substitute Member, the share of all profits and losses allocated to, and of all Net Cash Flow and of all cash proceeds distributable under Section 11.04 distributed to, all Members which is attributable to the Interest sold, assigned or transferred shall be divided between the assignor and the assignee ratably on the basis of the number of monthly periods in such year before, and the number of monthly periods on and after, the first day of the month during which such Person is admitted as a substitute Member.

(b) The Company shall, subject to any applicable limitation on the distribution of Net Cash Flow and any required approval by the Project Lenders, distribute Net Cash Flow not less frequently than annually in the manner provided in Section 11.03(b).

(c) In the event that there is a determination that there is any original issue discount or imputed interest attributable to the Capital Contribution of any Member, or any loan between a Member and the Company, any income or deduction of the Company attributable to such imputed interest or original issue discount on such Capital Contribution or loan (whether stated or unstated) shall be allocated solely to such Member.

(d) In the event that the deduction of all or a portion of any fee paid or incurred by the Company to a Member or an Affiliate of a Member is disallowed for federal income tax purposes by the IRS with respect to a taxable year of the Company, the Company shall then allocate to such Member an amount of gross income of the Company for such year equal to the amount of such fee as to which the deduction is disallowed.

(e) If any Member's Interest in the Company is reduced but not eliminated because of the admission of new Members or otherwise, or if any Member is treated as receiving any items of property described in Section 751(a) of the Code, the Member's Interest in such items of Section 751(a) property that was property of the Company while such Person was a Member shall not be reduced, but shall be retained by the Member so long as the Member has an Interest in the Company and so long as the Company has an Interest in such property.

(f) In accordance with Section 704(c) of the Code (relating to allocations with respect to appreciated contributed property) and the Regulations thereunder, income, gain, loss, and deduction with respect to any property contributed to the capital of the Company shall be allocated, solely for tax purposes, among the Members so as to take account of any variation between the adjusted basis of such property to the Company for federal income tax purposes and its fair market value. Any elections or other decisions relating to such allocations shall be made by the Managing Member in any manner that reasonably reflects the purpose and intention of this Agreement.

(g) In the event that the Managing Member makes any Operating Deficit Loans pursuant to Section 8.11(b), any deductions or losses of the Company attributable to the use of those funds shall be specially allocated to the Managing Member.

(h) Any income attributable to the Capital Contribution of the Managing Member will be allocated to the Managing Member.

(i) Any income attributable to the modification of any of the Project Loan(s) shall be allocated 100% to the Managing Member.

11.06 Capital Accounts.

(a) Establishment and Maintenance. A separate Capital Account shall be maintained and adjusted for each Member. There shall be credited to each Member's Capital Account the amount of its Capital Contribution, the fair market value of any property contributed to the Company (net of any liabilities secured by such property) and such Member's distributive share of the income and gain for tax purposes of the Company including income or gain exempt from tax; and there shall be charged against each Member's Capital Account the amount of all cash flow distributed to such Member, the fair market value of any property distributed to such Member (net of any liabilities secured by such property), the net proceeds resulting from the liquidation of the Company's assets or from any sale or refinancing of the Project distributed to such Member, and such Member's distributive share of the losses for tax purposes of the Company. Each Member's Capital Account shall be maintained and adjusted in accordance with the Code and the Treasury Regulations thereunder. The foregoing provisions and the other provisions of this Agreement relating to the maintenance of Capital Accounts are intended to comply with Treas. Reg. § 1.704-1(b), and shall be interpreted and applied in a manner consistent with such regulations. It is the intention of the Members that the Capital Accounts maintained under this Agreement be determined and maintained throughout the full term of this Agreement in accordance with the accounting rules of Treas. Reg. § 1.704-1(b)(2)(iv).

(b) Deficit Capital Accounts; Regulatory Liquidation. In the event that the Company is liquidated within the meaning of Treas. Reg. § 1.704-1(b)(2)(ii)(g), if the Managing Member's Capital Account has a deficit balance (after giving effect to all contributions, distributions and allocations), the Managing Member shall make Capital Contributions in the

amount of such deficit in compliance with Treas. Reg. §1.704-1(b)(2)(ii)(b)(3). In the event that the Investor Member's Capital Account should have a deficit balance at such time, it shall have no obligation to fund or otherwise contribute capital to the Company in connection with such deficit. Notwithstanding the foregoing, in the event the Company is liquidated within the meaning of Treas. Reg. § 1.704-1(b)(2)(ii)(g) but no event has occurred under Section 12.01 to dissolve the Company, the Company assets shall not be liquidated, the Company's liabilities shall not be paid or discharged, and the Company's affairs shall not be wound up. Instead, the Company shall be deemed to have contributed all of its assets and liabilities to a new limited liability company in exchange for an interest in the new limited liability company. Immediately thereafter, the terminated Company shall be deemed to have distributed interests in the new limited liability company to the Members of the terminated Company in proportion to their respective interests in the terminated Company in liquidation of the terminated Company.

11.07 Special Allocations. Notwithstanding anything to the contrary contained in Section 11.01(a) or (b), the following special allocations in all events apply in determining the allocation of Profits and Losses among the Members and are made prior to the allocations required under §11.01(a) and (b):

(a) Depreciation and LIHTC.

(i) Depreciation (cost recovery) deductions and LIHTC are allocated to the Members in accordance with their Percentage Interests.

(ii) Any recapture of LIHTC is allocated to the Members that were allocated (or whose predecessors-in-interest were allocated) the depreciation/cost recovery deduction and LIHTC associated therewith.

(b) Limitation on Allocations of Losses.

(i) To the extent the allocation of any Losses to a Member would cause that Member to have an Adjusted Capital Account Deficit at the end of any fiscal year of the Company, then those Losses will not be allocated to that Member, but rather will be specially allocated to the remaining Members in proportion with their relative interests in the Company.

(ii) In the event some but not all of the Members would have Adjusted Capital Account Deficits due to an allocation of Losses, the limitation set forth in this Section 11.07(b) shall be applied on a Member-by-Member basis so as to allocate the maximum permissible Losses to each Member who is not a Managing Member under Treas. Reg. §1.704-1(b)(2)(ii)(d). All Losses in excess of the limitation set forth in this Section 11.07(b) shall be allocated to the Managing Member.

(c) Profit Chargeback. To the extent any Losses are specially allocated to a Member in accordance with Section 11.07(b), then Profits will thereafter first be specially allocated to such Member in proportion to and in an amount (1) up to but not exceeding the amount of any such

special allocation of Losses away from such Member under such subparagraph (b) but (2) not to the extent that Losses or depreciation deductions would be allocated to the remaining Members in excess of the amount permitted by 11.07(b).

(d) Nonrecourse Deductions. Nonrecourse Deductions for any fiscal year shall be allocated to the Members in accordance with their Percentage Interests.

(e) Member Nonrecourse Deductions. Any Member Nonrecourse Deductions for any fiscal year shall be specially allocated to the Member or Members that bear the Economic Risk of Loss with respect to the Member Nonrecourse Debt to which such Member Nonrecourse Deductions are attributable in accordance with Treas. Reg. §1.704-2(b)(4) and Treas. Reg. §1.704-2(i).

(f) Company Minimum Gain Chargeback. Notwithstanding any other provision of this Agreement, if there is a net decrease in the Company's Minimum Gain attributable to Nonrecourse Liabilities during any taxable year, each Member shall be specially allocated a *pro rata* portion of each of the Company's items of income and gain for such year (and, if necessary for subsequent years) in proportion to, and to the extent of, an amount equal to such Member's share of the net decrease in such Minimum Gain during such taxable year as determined in accordance with the provisions of Treas. Reg. §1.704-2(g)(2). In the event that such net decrease in the Company's Minimum Gain occurs in connection with the disposition of all or any portion of the Project, then any items of Company income or gain allocated in accordance with the previous sentence shall first consist of gain recognized by the Company as a result of such disposition. It is the intent that the allocations provided in this Section 11.07(f) shall be determined in accordance with and only to the extent required by Treas. Reg. §1.704-2(f) and (j)(2)(i).

(g) Member Minimum Gain Chargeback. Notwithstanding any other provision of this Agreement, if there is a net decrease in the amount of the Company's Minimum Gain during any taxable year with respect to a Member Nonrecourse Debt, the Member bearing the Economic Risk of Loss with respect to such Member Nonrecourse Debt shall be specially allocated a *pro rata* portion of each of the Company's items of income and gain for such taxable year (and, if necessary, for subsequent years) in proportion to, and to the extent of the amount of such Member's share of the net decrease in such Minimum Gain during such taxable year as determined in accordance with the provisions of Treas. Reg. §1.704-2(i)(4). In the event that such net decrease in the Member's Minimum Gain occurs in connection with the disposition of all or any portion of Project, then any items of Company income or gain allocated in accordance with the previous sentence shall first consist of gain recognized by the Company as a result of such disposition. It is the intent that the allocations provided in this Section 11.07(g) shall be determined in accordance with and only to the extent required by the provisions of Treas. Reg. §1.704-2(i) and (j)(2)(ii).

(h) Qualified Income Offset. If a Member unexpectedly receives any adjustments, allocations, or distributions described in §1.704-1(b)(2)(ii)(d)(4), (5) or (6) of the Regulations, then items of Company income or gain will be specially allocated to that Member in an amount and manner sufficient to eliminate, to the extent required by the Regulations, the Adjusted

Capital Account Deficit of that Member as quickly as possible. The special allocations required pursuant to this subparagraph (h) are made only if and to the extent that such Member would have an Adjusted Capital Account Deficit after all other allocations provided for in this Article 11 have been tentatively made as if this subparagraph (h) were not in the Agreement. This subparagraph (h) is intended to comply with the qualified income offset requirements of §1.704-1(b)(2)(ii)(d) of the Regulations and will be interpreted consistently therewith.

(i) Gross Income Allocation. In the event any Member has a deficit Capital Account at the end of any fiscal year in excess of the sum of (i) the amount that such Member must restore pursuant to any provision of this Agreement, if any, and (ii) the amount such Member is deemed obligated to restore pursuant to the penultimate sentence of Treas. Reg. § 1.704-2(g) and § 1.704-2(i)(5), such Member shall be specially allocated items of Company income and gain in the amount of such excess as quickly as possible, provided that an allocation pursuant to this Section 11.07(i) shall be made if and only to the extent that such Member would have a deficit Capital Account in excess of such sum after all other allocations provided for in this Article XI have been tentatively made as if this Section 11.07(i) and Section 11.07(h) hereof were not in the Agreement.

(j) §754 Adjustment. To the extent an adjustment to the adjusted tax basis of any Company Property undertaken pursuant to §734(b) or 743(b) of the Code is required to be taken into account in determining the Capital Accounts of the Members under Treas. Reg. §1.704-1(b)(2)(iv)(m), then the amount of such adjustment to the Capital Accounts will be treated as an item of gain (if the adjustment increases the basis of the asset) or loss (if the adjustment decreases such basis) and such gain or loss will be specially allocated to the Members in a manner consistent with the manner in which their Capital Accounts are required to be adjusted pursuant to the aforementioned section of the regulations.

(k) Curative Allocations. In the event that income, loss or items thereof are allocated to one or more Members pursuant to Sections 11.07(h) through (i), subsequent income, loss or items thereof shall be allocated (subject to the provisions of Sections 11.07(h) and (i)) to the Members so that, to the extent possible in the judgment of the Managing Member, the net amount of allocations shall be equal to the amount that would have been allocated had Section 11.07 not been applied. Notwithstanding the foregoing, the allocation of depreciation deductions will be governed by Section 11.07(a) and this Section 11.07(k) shall not apply to allocations of depreciation deductions.

(l) Excess Nonrecourse Liabilities. Solely for purposes of determining a Member's proportionate share of the "excess nonrecourse liabilities" of the Company within the meaning of Treas. Reg. §1.752-3(a)(3), the Members' respective interests in Company Profits and deductions shall equal their Percentage Interests (determined without regard to Section 11.07(a)-(k)).

(m) Authority to Vary Allocations to Preserve and Protect Members' Intent

(i) It is the intent of the Members that each Member's distributive share

of income, gain, loss, deduction, or credit (or item thereof) shall be determined and allocated in accordance with this Article XI to the fullest extent permitted by Section 704(b) of the Code. In order to preserve and protect the determinations and allocations provided for in this Article XI, the Managing Member, shall upon the direction in writing of the Special Member, allocate income, gain, loss, deduction, or credit (or item thereof) arising in any year differently than otherwise provided for in this Article XI as necessary to ensure that all allocations of income, gain, loss, deduction or credit (or item thereof) to the Members are permitted by Section 704(b) of the Code and Treasury Regulations promulgated thereunder. Any allocation made pursuant to this Section 11.07 shall be deemed to be a complete substitute for any allocation otherwise provided for in this Article XI and no amendment of this Agreement or approval of any Member shall be required.

(ii) In making any allocation (the "new allocation") under Section 11.07(m)(i), the Managing Member is authorized to act only upon the direction in writing of the Special Member or the Investor Member.

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

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

11.08 Designation of Partnership Representative. The Managing Member shall be the partnership representative of the Company pursuant to Section 6223 of the Code ("Partnership Representative"), and shall engage in such undertakings as are required of the Partnership Representative of the Company, as provided in the Code and applicable Treasury Regulations. For each applicable tax year, the Managing Member shall cause the Company to appoint as the Designated Individual a person who is employed by the Managing Member or its Affiliate, has sufficient experience and authority to represent the Company in all dealings with the IRS, and is Consented to by the Investor Member or Special Member. If the Designated Individual is unable to perform the role required, no longer meets the requirements of the Code and Treasury Regulations or ceases to be employed by the Managing Member or its Affiliate, the Managing Member shall take all necessary action to cause such person to resign as the Designated Individual and to cause the Company to designate a successor representative that would otherwise qualify under this Agreement and under the Code and Treasury Regulations as a permissible Designated Individual. The Managing Member shall take any and all action required under the Code or Treasury Regulations (including on all applicable Company tax returns), as in effect from time to

time, to cause the Company to designate the Managing Member as the Partnership Representative and the chosen person as the Designated Individual. The Managing Member shall cause the Designated Individual to agree to comply with all restrictions and obligations imposed on the Partnership Representative as set forth in this Agreement. In the event that the Special Member exercises its right to become a managing member and to assume duties of the Partnership Representative, the pre-existing Partnership Representative will resign in accordance with Treas. Reg. § 301.6223-1(d)(1) and the Company will redesignate the new managing member as Partnership Representative in accordance with Treas. Reg. § 301.6223-1(d)(1).

Each Member, by its execution of this Agreement, Consents to such designation of the Partnership Representative by the Company and agrees to execute, certify, acknowledge, deliver, swear to, file and record at the appropriate public offices such documents as may be necessary or appropriate to evidence such Consent.

11.09 Authority of Partnership Representative.

(a) The Partnership Representative shall have and perform all of the duties required under the Code and Treasury Regulations, including the following duties:

(i) Furnish the name, address, profits interest, and taxpayer identification number of each Member to the IRS;

(ii) Represent the Company in all dealings with the IRS and state and local taxing authorities in accordance with the obligations and restrictions imposed by this Agreement;

(iii) Within five calendar days after the receipt by the Managing Member or an Affiliate thereof or the Company of any correspondence or communication relating to the Company or a Member or an Affiliate of a Member from the IRS or state or local taxing authority, the Partnership Representative shall forward to each Member a photocopy of all such correspondence or communication(s). The Partnership Representative shall, within five calendar days thereafter, advise each Member in writing of the substance and form of any conversation or communication held with any representative of the IRS or state or local taxing authority.

(b) The Partnership Representative shall, upon request by the Investor Member, permit the Investor Member to include its attorney in the power of attorney (Form 2848) for the Company for any taxable years under a tax audit or in a tax administrative appeals process.

(c) The Partnership Representative shall, solely upon request by the Investor Member, make an election pursuant to Sections 6221 or 6226 of the Code on behalf of the Company, provided the Company is permitted to make such election pursuant to the Code or Treasury Regulations thereunder.

(d) The Partnership Representative shall not without the Consent of the Special

Member:

- (i) Extend the statute of limitations for assessing or computing any tax liability against the Company (or the amount or character of any Company tax items);
- (ii) Engage an accounting firm or counsel to represent the Company before the IRS;
- (iii) Settle any audit with the IRS concerning the adjustment or readjustment of any Company item(s);
- (iv) File a request for an administrative adjustment with the IRS at any time or file a petition for judicial review with respect to any such request or select the forum for judicial review of any IRS determination;
- (v) Initiate or settle any judicial review or action concerning the amount or character of any Company tax item(s);
- (vi) Intervene in any action brought by any other Member for judicial review of a final Company administrative adjustment;
- (vii) Make an election pursuant to Sections 6221(b) or 6226(a) of the Code on behalf of the Company;
- (viii) Take action pursuant to Treasury Regulations promulgated under Section 6225(c); or
- (ix) Take any other action not expressly permitted by this Section 11.09 on behalf of the Members of the Company in connection with any administrative or judicial tax proceeding.

(e) In the event of any Company-level proceeding instituted by the IRS pursuant to Sections 6221 through 6241 of the Code, or by any other federal, state or local tax authority, the Partnership Representative shall consult with the Special Member regarding the nature and content of all action and defense to be taken by the Company in response to such proceeding. The Partnership Representative also shall consult with the Special Member regarding the nature and content of any proceeding pursuant to Sections 6221 through 6241 of the Code instituted by or on behalf of the Company (including the decision to institute proceedings, whether administrative or judicial, and whether in response to a previous IRS proceeding against the Company or otherwise). The Partnership Representative will provide the Investor Member and Special Member with notice reasonably in advance of any meetings or conferences with respect to any administrative or judicial proceedings relating to the determination of Company items at the Company-level (including any meetings or conferences with counsel or advisors to the Company with respect to such proceedings) and the Investor Member and Special Member shall have the

right to participate, at the Investor Member's and Special Member's sole cost and expense, in any such meetings or conferences. In any such proceedings, the Partnership Representative shall take any action or omit to take any action, if reasonably requested by the Investor Member or Special Member.

(f) If, at any time, the Managing Member desires to accept a settlement offer or other proposed resolution of a tax dispute, and the Investor Member and Special Member do not, then, to the extent permitted by the Code and Treasury Regulations, the Special Member may elect to take control of such tax dispute (including by being appointed as the Partnership Representative for the relevant period) and resolve such tax dispute in the best interest of the Company, as reasonably determined by the Special Member. If exercised, this election shall apply only to such contested tax dispute and not to any other past, future, or pending dispute with a tax authority or other Company matter. Moreover, the exercise of this election shall not relieve the Managing Member of any of its other obligations under this Agreement, including its obligation to manage the Company.

(g) In the event that an election described in Code Section 6226(a) is not made with respect to any notice of final partnership adjustment, each Member shall be obligated to make a capital contribution in an amount equal to such Member's share of the imputed underpayment (and any associated interest and penalties) owed by the Company under Code Section 6225. For purposes of the preceding sentence, each Member's share of such imputed underpayment (and associated interest and penalties) shall be determined by taking into account (i) such Member's share of the income, gain, loss, deductions, basis and credits to which such adjustment and imputed underpayment relate, as determined by the Accountants; (ii) such Member's obligation (if any) to indemnify, defend, or hold harmless the Company or any other Member for such imputed underpayment (and any associated interest and penalties) under this Agreement; (iii) such Member's obligations and liabilities arising from or related to such Member's representations, warranties and covenants in this Agreement; and (iv) the obligations of the Managing Member(s) under Section 5.01(e) (relating to Tax Credit adjustments). For example, if an imputed underpayment were to relate to an adjustment or disallowance of Tax Credits previously allocated to the Investor Member, and such adjustment or disallowance would give rise to an obligation of the Managing Member to make a capital contribution under Section 5.01(e) (relating to Tax Credit adjustments), then such Managing Member, rather than the Investor Member, would be required to make the capital contribution described in this paragraph.

(h) The Managing Member shall be the "tax matters partner" for all Fiscal Years of the Company beginning prior to January 1, 2018. Unless at the direction of the Investor Member, to be given in its sole and absolute discretion, the Managing Member shall not elect, and has not elected, pursuant to Section 1101(g)(4) of the Bipartisan Budget Act of 2015 (the "Budget Act") to apply the provisions of Section 1101 of the Budget Act to a Fiscal Year of the Company beginning prior to January 1, 2018.

11.10 Expenses of Partnership Representative. The Company shall indemnify and reimburse the Partnership Representative for all expenses, including legal and accounting fees, claims, liabilities, losses and damages incurred in connection with any administrative or judicial

proceeding with respect to the tax liability of the Members. The payment of all such expenses shall be made before any distributions are made from Net Cash Flow or any discretionary reserves are set aside by the Managing Member. The Managing Member shall have the obligation to provide funds for such purpose to the extent that Company funds are not otherwise available therefor. The taking of any action and the incurring of any expense by the Partnership Representative in connection with any such proceeding, except to the extent required by law, is a matter in the sole discretion of the Partnership Representative and the provisions on limitations of liability of the Managing Member and indemnification set forth in Section 8.08 of this Agreement shall be fully applicable to the Partnership Representative in its capacity as such. Sections 11.08, 11.09 and this Section 11.10 of the Agreement shall survive termination of any Member's interest in the Company for any reason and shall be binding on all Members, including former Members.

ARTICLE XII SALE, DISSOLUTION AND LIQUIDATION

12.01 Dissolution of the Company. The Company shall be dissolved upon the earlier of the expiration of the term of the Company, or upon:

(a) the withdrawal, Bankruptcy, death, dissolution or adjudication of incompetency of the Managing Member who is at that time the sole Managing Member, subject to the provisions of Section 6.03, unless a majority in interest of the other Members, within ninety (90) days after receiving Notice of such withdrawal, Bankruptcy, death, dissolution or adjudication of incompetence, elects to designate a successor Managing Member(s) and continue the Company upon the admission of such successor Managing Member(s) to the Company;

(b) the sale or other disposition of all or substantially all of the assets of the Company, subject to the provisions of Section 6.03;

(c) the election by the Managing Member, with the Consent of a majority in interest of the other Members; or

(d) any other event causing the dissolution of the Company under the laws of the Commonwealth of Virginia.

12.02 Winding Up and Distribution.

(a) Upon the dissolution of the Company pursuant to Section 12.01, (i) a Certificate of Cancellation shall be filed in such offices within the Commonwealth of Virginia as may be required or appropriate and (ii) the Company business shall be wound up and its assets liquidated as provided in this Section 12.02 and the net proceeds of such liquidation, except as provided in Section 12.02(b) below, shall be distributed in accordance with Section 11.04.

(b) It is the intent of the Members that, upon liquidation of the Company, any liquidation proceeds available for distribution to the Members be distributed in accordance with the Members' respective positive Capital Account balances and in accordance with Treas. Reg. §1.704-1(b)(2)(ii)(b)(2). The Members believe that distributions under Section 11.04 will effectuate such intent. In the event that, upon liquidation, there would otherwise be any conflict between a distribution pursuant to the Members' respective positive Capital Account balances and the intent of the Members with respect to distribution of proceeds as provided in Section 11.04, the Liquidator shall, notwithstanding the provisions of Sections 11.01, 11.02, 11.03 and 11.05, allocate the Company's gains, profits and losses in a manner that will, as nearly as possible, cause the distribution of liquidation proceeds to the Members to be in accordance both with the Members' economic expectations as set forth in Section 11.04 and their respective Capital Account balances. If the Company's gains, profits and losses are insufficient to cause the Members' Capital Accounts to be in such amounts as will permit liquidation proceeds to be distributed both in accordance with the Members' respective positive Capital Account balances and Section 11.04, then liquidation proceeds shall be distributed in accordance with the Members' respective positive Capital Account balances after the allocations described herein have been made.

(c) The Liquidator shall file all certificates and notices of the dissolution of the Company required by law. The Liquidator shall proceed without any unnecessary delay to sell and otherwise liquidate the Company's property and assets; provided, however, that if the Liquidator shall determine that an immediate sale of part or all of the Company property would cause undue loss to the Members, then in order to avoid such loss, the Liquidator may, except to the extent provided by the Act, defer the liquidation as may be necessary to satisfy the debts and liabilities of the Company to Persons other than the Members. Upon the complete liquidation and distribution of the Company assets, the Members shall cease to be Members of the Company, and the Liquidator shall execute, acknowledge and cause to be filed all certificates and notices required by the law to terminate the Company.

(d) Upon the dissolution of the Company pursuant to Section 12.01, the Accountants shall promptly prepare, and the Liquidator shall furnish to each Member, a statement setting forth the assets and liabilities of the Company upon its dissolution. Promptly following the complete liquidation and distribution of the Company property and assets, the Accountants shall prepare, and the Liquidator shall furnish to each Member, a statement showing the manner in which the Company assets were liquidated and distributed.

ARTICLE XIII
BOOKS AND RECORDS, ACCOUNTING,
TAX ELECTIONS, ETC.

13.01 Books of Account. The Managing Member shall keep proper and complete books of account for the Company. Such books of account shall be kept at the principal office of the Company and shall be open at all times for examination and copying by the Investor Member or its authorized representatives. The Managing Member shall retain such books of account for six

years after the later of the termination of the Company or the end of all applicable compliance periods under the Regulations. All decisions as to the fiscal year and accounting methods to be used by the Company shall be made only with the prior written Consent of the Investor Member. In addition, the Managing Member shall comply with all record keeping and record retention requirements applicable to low-income housing projects under the Code and Regulations, and shall provide such information to the Members for their compliance.

13.02 Financial Reports.

(a) Agreement with VHCC. The Company shall enter into an agreement with Virginia Housing Capital Corporation (“VHCC”), essentially in the form attached hereto as **Exhibit J**, pursuant to which VHCC will provide certain accounting and reporting services to the Company.

(b) Monthly Reports. Within ten days after the end of each month, the Managing Member shall deliver to the Members with respect to such month a cash flow statement for the Company, with a detailed itemization of all Company receipts and expenses, and with such additional information as shall be reasonably requested by the Members (the foregoing, collectively, the "Cash Flow Report"). Notwithstanding the foregoing, if the Investor Member believes that the Project is experiencing or may experience adverse operating results or any other material adverse condition, the Investor Member, by Notice to the Managing Member, may require the delivery of Cash Flow Reports within five days after the end of each month, until such time as the Investor Member believes that the adverse condition affecting the Project is no longer present or threatened. At Investor Member's request, copies of all proposed leases and tenant income certification information for the initial occupant of each dwelling unit shall be delivered concurrently with such Cash Flow Report prior to execution thereof by the Company.

(c) Governmental and Lender Reports. The Managing Member shall also deliver to the Investor Member any financial or performance report required to be provided by the Company to any federal, state or local governmental agency or to any Company lender. Any such report shall be delivered to the Investor Member within five days after such report is filed with any such governmental agency or Company lender.

13.03 Budgets and General Disclosure. The Managing Member shall prepare and deliver to the Investor Member no later than the 60 days prior to the beginning of each fiscal year of the Company a detailed annual operating and capital improvements budget for the operation of the Project during such fiscal year. Such budgets shall specifically list all budgeted expenses in all major categories including, but not limited to, administration, operation, repairs and maintenance, utilities, taxes, insurance, interest, debt service with respect to the Project Loans, capital improvements, and all budgeted expenses which are to be paid to the Managing Member or its Affiliates. Such a budget shall be deemed "approved" for purposes of this Agreement only when such budget has been approved by the Investor Member. The Managing Member shall keep the Investor Member informed concerning the general state of the business and financial condition of the Company and shall, upon the reasonable request of the Investor Member, furnish to the Investor Member full information, accounts and documentation concerning the state of the business and

financial condition of the Company. The Managing Member shall also provide the following statements or disclosures to the Investor Members:

(a) Semiannual Reports. Semiannually, within 45 days after the end of the second and fourth fiscal quarters of the Company, until the later to occur of the following events: (i) all Capital Contribution installments of the Investor Member have been made, or (ii) the Project is placed in service, a report on the status of the Company. Such report will include the following and will contain updated and revised information if there has been any change in facts previously reported.

(i) a description of the Project, including the status of construction or rehabilitation to be performed in connection with the Project (which information shall be provided on the Project until construction or rehabilitation is complete);

(ii) a description of the financing for the Project, including mortgage financing, any state or local government loans, any operating deficit guaranty, the Investor Member's Capital Contributions to the Company and any other contributions or loans to the Company;

(iii) a description of any applicable rental subsidy for the Project;

(iv) the terms of any performance bonds, development cost guarantees, operating deficit guarantees and other credit enhancements provided in connection with the Project;

(v) the fees, and other financial incentives provided to the Managing Member and its Affiliates; and

(vi) any draw or call upon or demand for payment of or under any operating deficit guarantee, operating reserve, contractor performance bonds or completion guarantee.

(b) Annual Reports. Within 100 days after the end of each fiscal year of the Company, a statement prepared by the Managing Member, which statement shall include the following:

(i) a report summarizing the fees, commissions, compensation and other remuneration and reimbursed expenses paid by the Company for such fiscal year to the Managing Member or any Affiliates of the Managing Member and the services performed;

(ii) a report of the activities and investments of the Company during the period covered by the report; and

(iii) a comparison of actual and projected tax benefits for the year.

The statement will be accompanied by audited financial statements of any Affiliate Guarantor.

(c) Demands for Payment. Within three business days of the exercise thereof, any draw or call upon or demand for payment of or under any operating deficit guarantee, operating reserve, contractor performance bonds or completion guarantee.

(d) Notices of Default. Immediately upon notice of such a default, any default by the Company in any loan, including any state or local government loan or other financial obligation, of the Company or its Managing Member.

(e) Notices of IRS Proceedings. Immediately upon receipt of such notice, any notice of any IRS proceeding or any other audit, review or inspection by an federal, state or local governmental agency or Project Lender involving the Company.

13.04 Tax Information. The Managing Member shall file all necessary tax forms related to the formation of the Company, including, if required, Form 8264 (related to the registration of a tax shelter). VHCC shall also provide such federal tax information as required under its agreement with the Company as set forth on Exhibit J.

13.05 Selection of Accountants. The Investor Member shall be entitled to select a firm of certified public accountants that are experienced in LIHTC and that will prepare the Company's year-end financial statements and the Company's annual tax returns. The fee of such accountants shall be paid by the Investor Member out of the accounting fee payable to it pursuant to Section 8.21 of this Agreement.

13.06 Section 754 Elections. In the event of a transfer of all or any part of the Interest of a Managing Member or of an Investor Member, the Company may elect, pursuant to Sections 743 and 754 of the Code (or any corresponding provision of succeeding law), to adjust the basis of the Company property if, in the opinion of the Investor Member, based upon the advice of the Accountants, such election would be most advantageous to the Investor Member. Each Member agrees to furnish the Company with all information necessary to give effect to such election.

13.07 Fiscal Year and Accounting Method. The fiscal year of the Company shall be the fiscal year of the Investor Member, which ends at December 31; provided, however, that upon request from the Investor Member, the fiscal year of the Company shall become the calendar year. All Company accounts shall be determined on an accrual basis.

13.08 Late Report Penalties. (i) In the event that the reports of information provided for in Sections 13.02(b) or 13.03 above are, at any time, not provided within the time frames set forth therein, the Managing Member shall be obligated to pay to the Investor Member the sum of \$200.00 per day, as liquidated damages, for each day from the date upon which such report(s) or information is (are) due pursuant to the provisions of the aforesaid Sections until the date upon which such report(s) or information is (are) provided in form acceptable to the Investor Member.

In the event that the reporting requirements set forth in any of the above provisions of this Article XIII are not met, the Investor Member, in its reasonable discretion, may direct the Managing Member to dismiss the Accountants, and to designate successor Accountants, subject to the approval of the Investor Member; provided, however, that if the Managing Member and the Investor Member cannot agree on the designation of successor Accountants, the successor Accountants shall be designated by the Investor Member in its sole reasonable discretion, and the fees of such successor Accountants shall be paid by the Managing Member.

ARTICLE XIV AMENDMENTS

14.01 Proposal and Adoption of Amendments. This Agreement may be amended by the Managing Member with the Consent of the Investor Member; provided that such Consent shall not be unreasonably withheld as to any proposed amendment which does not affect the obligations of the Managing Member or the rights of any of the Members under this Agreement; and further provided that, if the Investor Member proposes an amendment to this Agreement which either (a) increases or imposes upon the Investor Member the obligation to restore a deficit balance in its Capital Account, or (b) prospectively decreases the obligation of the Investor Member to restore a deficit balance in its Capital Account in a subsequent Fiscal Year of the Company, the Managing Member shall effectuate the adoption of such amendment; provided, however, that the Managing Member shall not be liable to the Investor Member for any adverse tax consequences that may result from any such increase or decrease.

ARTICLE XV CONSENTS, VOTING AND MEETINGS

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

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

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

ARTICLE XVI GENERAL PROVISIONS

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

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

16.03 Counterparts. This Agreement may be executed in several counterparts, each of which shall be deemed to be an original copy and all of which together shall constitute one agreement binding on all parties hereto, notwithstanding that all the parties shall not have signed the same counterpart.

16.04 Separability of Provisions. Each provision of this Agreement shall be considered separable, and if for any reason any provision which is not essential to the effectuation of the basic purposes of this Agreement is determined to be invalid and contrary to any existing or future law, such invalidity shall not impair the operation of or affect those provisions of this Agreement which are valid.

16.05 Entire Agreement. This Agreement sets forth all (and is intended by all parties to be an integration of all) of the representations, promises, agreements and understandings among the parties hereto with respect to the Company, the Company business and the property of the Company, and there are no representations, promises, agreements or understandings, oral or written, express or implied, among them other than as set forth or incorporated herein.

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

16.07 Environmental Protection.

(a) The Managing Member warrants and represents that to the best of the Managing Member's knowledge, after diligent inquiry, there presently are not, in, on, or under the Project nor will there be, in, on, or under the Project, upon completion of the construction: (i) any "hazardous substance" as that term is defined under the Comprehensive Environmental Response, Compensation and Liability Act of 1980, 42 U.S.C. §9601, et seq., as amended ("CERCLA"), or any other hazardous or toxic substance, waste or material or any other substance or pollutant that poses a risk to human health or the environment, including, but not limited to, petroleum in any form, lead-based paint, asbestos, urea formaldehyde insulation, methane gas, polychlorinated biphenyls ("PCBs") or radon, except for ordinary and necessary quantities of office supplies, cleaning materials and pest control supplies stored in a safe and lawful manner and petroleum products contained in motor vehicles (the "Hazardous Substances"); (ii) any underground storage tanks; (iii) accumulations of debris, mining spoil, spent batteries, except for ordinary garbage stored in receptacles for regular removal; (iv) or any other condition which could result in liability for an owner or operator of the Project under any federal, state, or local law, rule, regulation, or ordinance.

(b) The Managing Member further represents and warrants that (i) neither it nor, to the best of its knowledge, any other party has been, is or will be involved in operations at or, pursuant to the Managing Member's best knowledge, near the Land, which operations could lead to (A) a determination of liability under the Hazardous Waste Laws as to the Company or (B) the creation of a lien on the Land under the Hazardous Waste Laws or under any similar laws or regulations; and (ii) the Managing Member has not permitted, and will use best efforts not to permit, any tenant or occupant of the Project to engage in any activity that could impose liability under the Hazardous Waste Laws on such tenant or occupant, on the Land or on any other owner of the Project.

(c) The Managing Member further warrants and represents to the best of the Managing Member's knowledge that the Project is in compliance with all applicable Hazardous Waste Laws, and the Managing Member has not received notice of any violations of the Hazardous Waste Laws. The Managing Member covenants and agrees to take all necessary action within its control to ensure that the Project is in compliance with the Hazardous Waste Laws at all times and that the Project remains free from the presence of any Hazardous Substances in, on or under the Project. The Managing Member will promptly deliver any notice it may receive of any violation of the Hazardous Waste Laws to the Investor Member and the Special Member.

(d) The Managing Member agrees to indemnify and hold harmless the Company, the Investor Member, the Special Member, and any member of the Investor Member (the "Indemnified Parties") from and against all claims, actions, causes of action, liability, and expense (including, without limitation, attorneys' fees, court costs, and remedial and response costs) incurred or suffered by, or asserted by any person, entity, or governmental agency against the Indemnified Parties due to breach of the Managing Member of the Company's representations, warranties, or covenants, or a violation of the Hazardous Waste Laws, or the presence of Hazardous Substances in, on, or under the Project. The foregoing indemnification shall be a recourse obligation of the Managing Member and shall (to the full extent permitted by law) survive

the dissolution of the Company and the death, dissolution, retirement, incompetency, insolvency, bankruptcy, or withdrawal of the Managing Member.

(e) For purposes of this Agreement, the term "Hazardous Waste Laws" shall mean any governmental requirements pertaining to land use, air, soil, subsoil, surface water, groundwater (including the quality of, protection, clean-up, removal, remediation or damage of or to land, air, soil, subsoil, surface water and groundwater), including, without limitation, the following laws as the same may be from time to time amended: the Comprehensive Environmental Response Liability and Compensation Act, 42 U.S.C. § 9601, et seq., the Resource Conservation and Recovery Act, 42 U.S.C. §6901, et seq., the Toxic Substances Control Act, 15 U.S.C. § 2601 et seq., the Federal Water Pollution Control Act, 33 U.S.C. §1251 et seq., the Safe Drinking Water Act, 42 U.S.C. § 300f et seq., the Clean Air Act, 42 U.S.C. § 7401 et seq., the Rivers and Harbors Act, 33 U.S.C. § 401 et seq., the Transportation Safety Act of 1974, portions of which are located at 49 U.S.C. § 1801 et seq., the Endangered Species Act, 16 U.S.C. § 1531 et seq., or any so-called "superfund" or "superlien" law, together with any other foreign or domestic laws (federal, state, provincial or local), common law, local rule, regulation (including, without limitation, any future change in judicial or administrative decisions interpreting or applying any of the laws, rules or regulations referred to herein) relating to emissions, discharges, release or threatened releases of any Hazardous Substances into ambient air, land, soil, subsoil, surface water, groundwater, personal property or structures, or otherwise relating to the manufacture, processing distribution, use treatment, storage, disposal, transport, discharge or handling of any Hazardous Substances, now or at any time hereafter in effect.

16.08 Notices. All notices, demands, requests or other communications to be sent by one party to the other hereunder or required by law shall be in writing and shall be deemed to have been validly given or served by delivery of same in person to the addressee or by depositing same with Federal Express (or another nationally recognized overnight delivery service) for next business day delivery or by depositing same in the United States mail, postage prepaid, registered or certified mail, return receipt requested, addressed as follows:

(a) To the Investor Member:

Housing Equity Fund of Virginia XXIII, L.L.C.
c/o Virginia Housing Capital Corporation
1840 West Broad Street, Suite 200
Richmond, Virginia 23220-2151
Attention: Arild O. Trent

with a copy to:

Applegate & Thorne-Thomsen, P.C.
425 S. Financial Place, Suite 1900
Chicago, Illinois 60605
Attention: Diane K. Corbett

(b) To the Managing Member:

Culpeper Crossing Management, LLC
1173 West Main Street
Abingdon, VA
Attention: Robert Goldsmith

With a copy to:

Curcio & Curcio, PC
62 Commonwealth Avenue
Bristol, Virginia 24201
Attention: Peter Curcio

All notices, demands and requests shall be effective upon such personal delivery or upon being deposited with Federal Express (or another nationally recognized overnight delivery service) or in the United States mail as required above. However, with respect to notices, demands or requests so deposited with Federal Express (or another nationally recognized overnight delivery service) or in the United States mail, the time period in which a response to any such notice, demand or request must be given shall commence to run from the next business day following any such deposit with Federal Express (or another nationally recognized overnight delivery service) or, in the case of a deposit in the United States mail as provided above, the date on the return receipt of the notice, demand or request reflecting the date of delivery or rejection of the same by the addressee thereof. Rejection or other refusal to accept or the inability to deliver because of changed address of which no notice was given shall be deemed to be receipt of the notice, demand or request sent. By giving to the other party hereto at least 30 days' written notice thereof in accordance with the provisions hereof, the parties hereto shall have the right from time to time to change their respective addresses and each shall have the right to specify as its address any other address within the United States of America.

16.09 Headings. All section headings are for convenience only and shall not be taken into consideration in interpreting or otherwise construing this Agreement.

16.10. Pronouns and Plurals. All pronouns and any variations thereof shall be deemed to refer to the masculine, feminine, neuter, singular or plural, as the identity of the person or persons may require.

16.11. VHDA Mortgage Requirements. Notwithstanding any other provision of this Agreement, this limited liability company and the Members shall be subject to regulation and supervision by the Virginia Housing Development Authority ("VHDA") in accordance with the Virginia Housing Development Authority Act, the Rules and Regulations of VHDA, and the Regulatory Agreement executed or to be executed by the Company for the benefit of VHDA and shall be further subject to the exercise by VHDA of the rights and powers conferred on VHDA

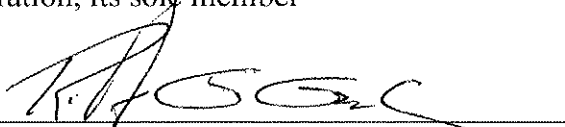
thereby. Notwithstanding any other provision of this Agreement, VHDA may rely upon the continuing effect of this provision which shall not be amended, altered, waived, supplemented or otherwise changed without the prior written consent of VHDA.

IN WITNESS WHEREOF, the parties have affixed their signatures and seals to this Amended and Restated Operating Agreement of Culpeper Crossing, L.L.C. as of the date first written above.

MANAGING MEMBER:

Culpeper Crossing Management, L.L.C., a Virginia
limited liability company

By: People Incorporated Housing Group, a Virginia
corporation, its sole member

By: 
Robert G. Goldsmith, President and CEO

INVESTOR MEMBER:

Housing Equity Fund of Virginia XXIII, L.L.C., a
Virginia limited liability company

By: Virginia Housing Capital Corporation, its
managing member

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

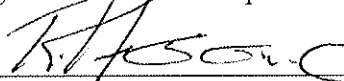
SPECIAL MEMBER:

VAHM, LLC, a Virginia limited liability company

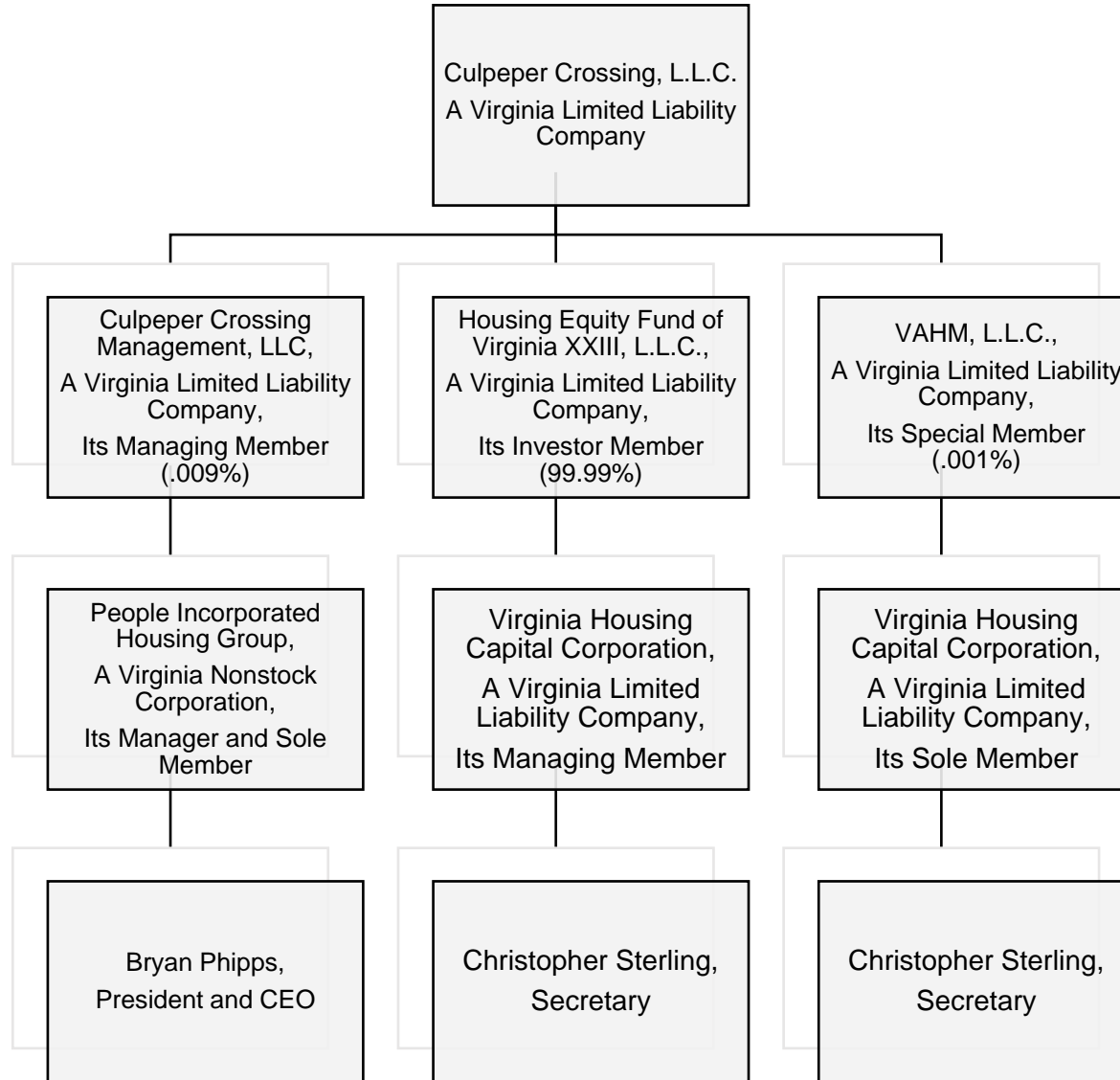
By: Arild O. Trent
Arild O. Trent, Vice-President

WITHDRAWING INVESTOR MEMBER:

People Incorporated of Virginia,
a Virginia non-stock corporation

By: 
Robert G. Goldsmith, President

CULPEPER CROSSING – ORGANIZATIONAL CHART



Low-Income Housing Credit Allocation and Certification

OMB No. 1545-0988

▶ Go to www.irs.gov/Form8609 for instructions and the latest information.

Part I Allocation of Credit

Check if: Addition to Qualified Basis Amended Form

A Address of building (do not use P.O. box) (see instructions) 660 North East Street Culpeper, VA 22701	B Name and address of housing credit agency Virginia Housing Development Authority 601 S. Belvidere Street Richmond, VA 23220
C Name, address, and TIN of building owner receiving allocation Culpeper Crossing, L.L.C. 1173 West Main Street Abingdon, VA 24210	D Employer identification number of agency <p style="text-align: center;">54-0921892</p> E Building identification number (BIN) <p style="text-align: center;">VA1806002</p>
TIN ▶ 82-3049446	

1a Date of allocation ▶ <u>12/17/2018</u>	b Maximum housing credit dollar amount allowable	1b	\$17,763
2 Maximum applicable credit percentage allowable (see instructions)		2	9.00 %
3a Maximum qualified basis		3a	\$197,367
b Check here <input checked="" type="checkbox"/> If the eligible basis used in the computation of line 3a was increased under the high-cost area provisions of section 42(d)(5)(B). Enter the percentage to which the eligible basis was increased (see instructions)		3b	1 3 0 %
4 Percentage of the aggregate basis financed by tax-exempt bonds. (If zero, enter -0-.)		4	0.00 %
5 Date building placed in service ▶ <u>12/28/2020</u>			
6 Check the boxes that describe the allocation for the building (check those that apply):			
a <input type="checkbox"/> Newly constructed and federally subsidized b <input type="checkbox"/> Newly constructed and not federally subsidized c <input type="checkbox"/> Existing building			
d <input type="checkbox"/> Sec. 42(e) rehabilitation expenditures federally subsidized e <input checked="" type="checkbox"/> Sec. 42(e) rehabilitation expenditures not federally subsidized			
f <input checked="" type="checkbox"/> Allocation subject to nonprofit set-aside under sec. 42(h)(5)			

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

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

	John D. Bondurant, Authorized Officer <small>Name (please type or print)</small>	<u>12.14.21</u> <small>Date</small>
--	--	--

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

7 Eligible basis of building (see instructions)	7	534,850
8a Original qualified basis of the building at close of first year of credit period	8a	534,850
b Are you treating this building as part of a multiple building project for purposes of section 42 (see instructions)?		
<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No		
9a If box 6a or box 6d is checked, do you elect to reduce eligible basis under section 42(i)(2)(B)?		
<input type="checkbox"/> Yes <input type="checkbox"/> No		
b For market-rate units above the average quality standards of low-income units in the building, do you elect to reduce eligible basis by disproportionate costs of non-low-income units under section 42(d)(3)(B)?		
<input type="checkbox"/> Yes <input type="checkbox"/> No		
10 Check the appropriate box for each election.		
Caution: Once made, the following elections are irrevocable.		
a Elect to begin credit period the first year after the building is placed in service (section 42(f)(1)) ▶		
<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No		
b Elect not to treat large partnership as taxpayer (section 42(j)(5)) ▶		
<input type="checkbox"/> Yes		
c Elect minimum set-aside requirement (section 42(g)) (see instructions):		
<input type="checkbox"/> 20-50 <input checked="" type="checkbox"/> 40-60 <input type="checkbox"/> Average income <input type="checkbox"/> 25-60 (N.Y.C. only)		
d Elect deep rent skewed project (section 142(d)(4)(B)) (see instructions)		
<input type="checkbox"/> 15-40		

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

	82-3049446 <small>Taxpayer identification number</small>	20 December 2021 <small>Date</small>
Robert G. Goldsmith <small>Name (please type or print)</small>	<u>2021</u> <small>First year of the credit period</small>	

Culpeper Crossing, LLC
82-3049446

Minimum set-aside requirement is 40-60

PART II - Question 8(b)

<u>Address</u>	<u>BIN #</u>	
658 North East Street	VA1806001	106,575.00
660 North East Street	VA1806002	17,763.00
		<hr/>
Total Credits		124,338.00

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

OMB No. 1545-0988

▶ Go to www.irs.gov/Form8609 for instructions and the latest information.

Part I Allocation of Credit

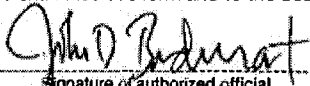
Check if: Addition to Qualified Basis Amended Form

A Address of building (do not use P.O. box) (see instructions) 658 North East Street Culpeper, VA 22701	B Name and address of housing credit agency Virginia Housing Development Authority 601 S. Belvidere Street Richmond, VA 23220
C Name, address, and TIN of building owner receiving allocation Culpeper Crossing, L.L.C. 1173 West Main Street Abingdon, VA 24210	D Employer identification number of agency 54-0921892
E Building identification number (BIN) VA1806001	TIN ▶ 82-3049446

1a Date of allocation ▶ 12/17/2018	b Maximum housing credit dollar amount allowable	1b	\$106,575
2 Maximum applicable credit percentage allowable (see instructions)		2	8.00 %
3a Maximum qualified basis		3a	\$1,184,167
b Check here ▶ <input checked="" type="checkbox"/> if the eligible basis used in the computation of line 3a was increased under the high-cost area provisions of section 42(d)(5)(B). Enter the percentage to which the eligible basis was increased (see instructions)		3b	1 3 0 %
4 Percentage of the aggregate basis financed by tax-exempt bonds. (If zero, enter -0-.)		4	0.00 %
5 Date building placed in service ▶ 12/28/2020			
6 Check the boxes that describe the allocation for the building (check those that apply):			
a <input type="checkbox"/> Newly constructed and federally subsidized	b <input type="checkbox"/> Newly constructed and not federally subsidized	c <input type="checkbox"/> Existing building	
d <input type="checkbox"/> Sec. 42(e) rehabilitation expenditures federally subsidized	e <input checked="" type="checkbox"/> Sec. 42(e) rehabilitation expenditures not federally subsidized		
f <input checked="" type="checkbox"/> Allocation subject to nonprofit set-aside under sec. 42(h)(5)			

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


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

▶  Signature of authorized official
 ▶ John D. Bondurant, Authorized Officer Name (please type or print)
 ▶ 12.14.21 Date

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

7 Eligible basis of building (see instructions)	7	3,209,097
8a Original qualified basis of the building at close of first year of credit period	8a	3,209,097
b Are you treating this building as part of a multiple building project for purposes of section 42 (see instructions)?	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No	
9a If box 6a or box 6d is checked, do you elect to reduce eligible basis under section 42(i)(2)(B)?	<input type="checkbox"/> Yes <input type="checkbox"/> No	
b For market-rate units above the average quality standards of low-income units in the building, do you elect to reduce eligible basis by disproportionate costs of non-low-income units under section 42(d)(3)(B)?	<input type="checkbox"/> Yes <input type="checkbox"/> No	
10 Check the appropriate box for each election. Caution: Once made, the following elections are irrevocable.		
a Elect to begin credit period the first year after the building is placed in service (section 42(f)(1)) ▶	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No	
b Elect not to treat large partnership as taxpayer (section 42(i)(5)) ▶	<input type="checkbox"/> Yes	
c Elect minimum set-aside requirement (section 42(g)) (see instructions): <input type="checkbox"/> 20-50 <input checked="" type="checkbox"/> 40-60 <input type="checkbox"/> Average income <input type="checkbox"/> 25-60 (N.Y.C. only)		
d Elect deep rent skewed project (section 142(d)(4)(B)) (see instructions)	<input type="checkbox"/> 15-40	

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

▶  Signature
 ▶ Robert G. Goldsmith Name (please type or print)
 ▶ 82-3049446 Taxpayer identification number
 ▶ 2020 First year of the credit period
 ▶ 20 December 2021 Date

Culpeper Crossing, LLC
82-3049446

Minimum set-aside requirement is 40-60

PART II - Question 8(b)

<u>Address</u>	<u>BIN #</u>	
658 North East Street	VA1806001	106,575.00
660 North East Street	VA1806002	17,763.00
		<hr/>
Total Credits		124,338.00

**MILLVIEW APARTMENTS, L.L.C,
A VIRGINIA LIMITED LIABILITY COMPANY**

AMENDED AND RESTATED OPERATING AGREEMENT

As of December 6, 2019

THE MEMBERSHIP INTERESTS EVIDENCED BY THIS AMENDED AND RESTATED OPERATING AGREEMENT (THE "AGREEMENT") HAVE NOT BEEN REGISTERED WITH THE SECURITIES AND EXCHANGE COMMISSION UNDER THE SECURITIES ACT OF 1933 (THE "ACT") OR PURSUANT TO APPLICABLE STATE SECURITIES LAWS ("BLUE SKY LAWS"). ACCORDINGLY, THE MEMBERSHIP INTERESTS CANNOT BE RESOLD OR TRANSFERRED BY ANY PURCHASER THEREOF WITHOUT REGISTRATION OF THE SAME UNDER THE ACT AND THE BLUE SKY LAWS OF SUCH STATE(S) AS MAY BE APPLICABLE, OR IN A TRANSACTION WHICH IS EXEMPT FROM THE REGISTRATION REQUIREMENTS OF THE ACT AND THE BLUE SKY LAWS OR WHICH IS OTHERWISE IN COMPLIANCE THEREWITH. IN ADDITION, THE SALE OR TRANSFER OF SUCH MEMBERSHIP INTERESTS IS SUBJECT TO CERTAIN RESTRICTIONS SET FORTH IN THIS AGREEMENT, INCLUDING WITHOUT LIMITATION, THE RESTRICTIONS SET FORTH IN ARTICLE IX HEREOF.

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**MILLVIEW APARTMENTS, L.L.C.
A VIRGINIA LIMITED LIABILITY COMPANY**

AMENDED AND RESTATED OPERATING AGREEMENT

THIS AMENDED AND RESTATED OPERATING AGREEMENT is made and entered into as of December 6, 2019, by and among Millview Management, L.L.C., a Virginia limited liability company (the "Managing Member"), People Incorporated of Virginia, a Virginia nonstock corporation, the Withdrawing Investor Member (the "Withdrawing Investor Member"), Housing Equity Fund of Virginia XXII, L.L.C., a limited liability company formed under the laws of the Commonwealth of Virginia (the "Investor Member") and VAHM, LLC, a limited liability company formed under the laws of the Commonwealth of Virginia (the "Special Member").

WHEREAS, Peter Curcio organized Millview Apartments, L.L.C. (the "Company") pursuant to the terms of the Virginia Limited Liability Company Act (the "Act"), by filing Certificate of Organization (the "Certificate") with the State Corporation Commission of the Commonwealth of Virginia (the "State of Formation") on January 4, 2016;

WHEREAS, People Incorporated Housing Group, (the "Initial Managing Member"), and the Withdrawing Investor Member previously executed a limited liability company operating agreement pursuant to Section 13.1-1023(2) of the Code of Virginia effective February 29, 2016, which agreement was amended April 24, 2017 to replace the Initial Managing Member with the Managing Member (the "Original Operating Agreement") of the Company;

WHEREAS, Initial Managing Member withdrew for the Company and was replaced with Managing Member pursuant to that certain Amended Operating Agreement dated February 28, 2018 (along with the Original Operating Agreement, the "Initial Operating Agreement").

WHEREAS, the Withdrawing Investor Member wishes to withdraw from the Company;

WHEREAS, the Investor Member and Special Member wish to join the Company as Investor Member and Special Member, respectively;

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

WHEREAS, the Company has been formed to develop, rehabilitate, own, maintain and operate a 28 unit low income housing tax credit development, located at 102 & 106 W. Bowen Street and 401 North Church Street, Remington, Virginia (the "Project");

WHEREAS, the parties hereto now desire to enter into this Amended and Restated Operating Agreement to (i) continue the Company under the Act; (ii) withdraw the Withdrawing Investor Member from the Company; (iii) admit the Investor Member and Special Member to the Company as Members; and (iv) set forth all of the provisions governing the Company;

NOW, THEREFORE, in consideration of the foregoing, of mutual promises of the parties hereto and of other good and valuable consideration, the receipt and sufficiency of which hereby are acknowledged, the parties hereby agree to continue the Company pursuant to the Act, as set forth in this Amended and Restated Operating Agreement, which reads in its entirety as follows:

ARTICLE I
CONTINUATION OF COMPANY

1.01 Continuation. The undersigned hereby continue the Company as a limited liability company under the Act.

1.02 Name. The name of the Company is Millview Apartments, L.L.C.

1.03 Principal Place of Business. The principal place of business of the Company shall be 1173 Main Street, Abingdon, Virginia 24210. The Company may change the location of its principal place of business to such other place or places within the Commonwealth of Virginia as may hereafter be determined by the Managing Member. The Managing Member shall promptly notify all other Members of any change in the principal place of business. The Company may maintain such other offices at such other place or places as the Managing Member may from time to time deem advisable.

1.04 Agent for Service of Process. The name of the Agent for service of process is Peter Curcio, who is a resident of Virginia and a member of the Virginia State Bar, and whose address is 62 Commonwealth Avenue, Bristol, Virginia 24201.

1.05 Withdrawal of Withdrawing Investor Member and Admission of Investor Member and Special Member. The Withdrawing Investor Member hereby withdraws as a Member of the Company, and represents and warrants that he/she/it has no interest in the Company and is not entitled to any fees, distributions, compensation or payments from the Company and that he/she/it has no interest in any property or assets of the Company. The Investor Member and Special Member are hereby admitted to the Company as the sole Investor Member and Special Member.

1.06 Term. The term of the Company commenced as of the date of the filing of the Certificate with the Secretary of the Commonwealth of Virginia, and shall continue in perpetuity, unless the Company is sooner dissolved in accordance with the provisions of this Agreement.

1.07 Recording of Articles. Upon the execution of this Amended and Restated Operating Agreement by the parties hereto, the Managing Member shall take all actions necessary to assure the prompt recording of an amendment to the Certificate if and as required by the Act,

including filing with the State Corporation Commission of the Commonwealth of Virginia. All fees for filing shall be paid out of the Company's assets. The Managing Member shall take all other necessary action required by law to perfect and maintain the Company as a limited liability company under the laws of the State and shall register the Company under any assumed or fictitious name statute or similar law in force and effect in the Commonwealth of Virginia.

ARTICLE II DEFINED TERMS

In addition to the terms defined in the preamble to this Agreement, the following terms used in this Agreement shall have the meanings specified below:

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

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

"Act" means the Virginia Limited Liability Company Act, as may be amended from time to time during the term of the Company.

"Actual Credit" means as of any point in time, the total amount of the LIHTC allocated by the Company to the Investor Member, representing ninety-nine and ninety-nine hundredths percent (99.99%) of the aggregate LIHTC reported and claimed by the Company and its Members on their respective federal information and income tax returns, and not disallowed by any taxing authority.

"Adjusted Capital Account Deficit" means, with respect to any Member, the deficit balance, if any, in such Member's Capital Account as of the end of the relevant fiscal period after giving effect to the following adjustments: (a) the credit to such Capital Account of any amounts which such Member is obligated to restore under this Agreement or is deemed to be obligated to restore pursuant to either (i) the penultimate sentences of Treas. Reg. §1.704-2(g)(1) and Treas. Reg. §1.704-2(i)(5), or (ii) amounts that the Member is treated as obligated to restore under Treas. Reg. §1.704-1(b)(2)(ii)(c); and (b) the debit to such Capital Account of the amounts described in Treas. Reg. §1.704-1(b)(2)(ii)(d)(4), (5) and (6). The foregoing definition of Adjusted Capital Account Deficit is intended to comply with the provisions of Treas. Reg. §1.704-1(b)(2)(ii)(d) and shall be interpreted consistently therewith.

"Affiliate" of a specified Person means (i) any Person directly or indirectly controlling, controlled by or under common control with the Person specified, (ii) any Person owning or controlling ten percent (10%) or more of the outstanding voting securities or beneficial interests of the Person specified, (iii) any officer, director, partner, trustee or member of the immediate

family of the Person specified, (iv) if the Person specified is an officer, director, partner, managing member or trustee, any corporation, limited partnership, limited liability company or trust for which that Person acts in that capacity, or (v) any Person who is an officer, director, managing member, general partner, trustee or holder of ten percent (10%) or more of the outstanding voting securities or beneficial interests of any Person described in clauses (i) through (iv). The term “control” (including the term “controlled by” and “under common control with”) means the possession, direct or indirect, of the power to direct or cause the direction of the management and policies of a Person, whether through the ownership of voting securities, by contract or otherwise.

"Affiliate Guarantor" means collectively People Incorporated Housing Group and People Incorporated of Virginia, both which are Affiliates of the Managing Member.

"Affiliate Guaranty" means the guaranty of the performance of the obligations of the Managing Member under this Agreement and the obligations of the Developer under the Development Agreement for the benefit of the Investor Member given by the Affiliate Guarantor, which Affiliate Guaranty is in the form of **Exhibit D**.

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

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

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

"Articles" means the Company's Certificate or any other instrument or document which is required under the laws of the State of Formation to be signed by the Managing Member and filed in the appropriate public offices within the State of Formation to perfect or maintain the Company as a limited liability company under the laws of the State of Formation, to effect the admission, withdrawal or substitution of any Member of the Company, or to protect the limited liability of the Investor Members as members under the laws of the Commonwealth of Virginia.

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

"Assumed Managing Member Tax Liability" means for any given year the product of (i) the sum of (A) the Profits, if any, allocated to the Managing Member pursuant to Section 11.01(b)

plus (B) any items of income, gain, loss, deduction or credit which are specially allocated to the Managing Member pursuant to Sections 11.07(a) and (d) through (j) times (ii) a percentage equal to the sum of (C) the highest federal corporate tax rate for such year plus (D) the highest state corporate tax rate for such year.

"Authority" or "Authorities" means any nation or government, any state or other political subdivision thereof, and any entity exercising its executive, legislative, judicial, regulatory or administrative functions of or pertaining to government, including but not limited to, any federal, state or municipal department, commission, board, bureau, agency, court, tribunal or instrumentality.

"Bankruptcy" or "Bankrupt" as to any Person means the filing of a petition for relief as to any such Person as debtor or bankrupt under the Bankruptcy Act of 1898 or the Bankruptcy Code of 1978 or like provision of law (except if such petition is contested by such Person and has been dismissed within 60 days); insolvency of such Person as finally determined by a court proceeding; filing by such Person of a petition or application to accomplish the same or for the appointment of a receiver or a trustee for such Person or a substantial part of his assets; commencement of any proceedings relating to such Person under any other reorganization, arrangement, insolvency, adjustment of debt or liquidation law of any jurisdiction, whether now in existence or hereinafter in effect, either by such Person or by another, provided that if such proceeding is commenced by another, such Person indicates his approval of such proceeding, consents thereto or acquiesces therein, or such proceeding is contested by such Person and has not been finally dismissed within 60 days.

"Breakeven Operations" means the date following Final Closing upon which the gross operating revenues from the normal operation of the Project received on a cash basis (including all public subsidy payments due and payable at such time but not yet received by the Company) for a period of three (3) consecutive calendar months after Final Closing equals or exceeds all accrued operational costs of the Project, including, but not limited to, taxes, assessments, reserve fund for replacement deposits and debt service payments, the Accounting Fee and a ratable portion of the annual amount (as reasonably estimated by the Managing Member) of those seasonal and/or periodic expenses (such as utilities, maintenance expenses and real estate taxes or service charges in lieu of real estate taxes) which might reasonably be expected to be incurred on an unequal basis during a full annual period of operation, for such period of three (3) consecutive calendar months on an annualized basis (based on projections of the Company), as evidenced by a certification of the Managing Member with an accompanying unaudited balance sheet of the Company indicating that all trade payables have been satisfied (or with respect to trade payables within sixty (60) days of the date the services were performed or goods were delivered, the trade payables shall not be past due and the Company shall have an adequate cash reserve for the payment of such trade payables), all as shall be subject to the approval of the Investor Member. For the purpose of calculating Breakeven Operations only, the following costs shall not be considered operating costs of the Project: (i) payments of the Asset Management Fee and Incentive Management Fee; (ii) payments to be made under the Development Agreement; and (iii) any debt service payments payable out of Net Cash Flow.

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

"Capital Account" means the capital account of a Member as described in Section 11.06.

"Capital Contribution" means the total amount of money or other property contributed or agreed to be contributed, as the context requires, to the Company by each Member pursuant to the terms of this Agreement. Any reference to the Capital Contribution of a Member shall include the Capital Contribution made by a predecessor holder of the Interest of such Member.

"Capital Transaction" means any transaction out of the ordinary course of the Company's business which is capital in nature, including without limitation, the disposition, whether by sale (except when such sale proceeds are to be used pursuant to a plan or budget approved by all of the Members), casualty (where the proceeds are not to be used for reconstruction), condemnation, refinancing or similar event of any part or all of the Project.

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

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

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

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

"Certified Credits" means ninety-nine and ninety-nine hundredths percent (99.99%) of the annual LIHTC that the Accountants certify in writing to the Company that the Company will be able to claim during each full fiscal year during the Credit Period for all buildings in the Project assuming full compliance with the rent restrictions and income limitations of Section 42 of the Code. The calculation of the Certified Credits shall be based, among other things, on the Form(s) 8609 issued by the Agency for all the buildings comprising the Project and on the cost certification prepared in connection with the application by the Company for Form(s) 8609. Once the Certified Credits are determined, they shall not be adjusted during the term of this Agreement; provided, however, if with respect to an LIHTC Recapture Event the Managing Member makes a payment under Section 8.11(c), then the Certified Credits shall be reduced prospectively by the annual reduction in LIHTC attributable to such LIHTC Recapture Event.

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

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

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

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

"Company" means Millview Apartments, L.L.C., a Virginia limited liability company.

"Partnership Representative" has the meaning set forth in Section 11.08.

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

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

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

"Construction Contract" means the construction contract in the guaranteed maximum amount of \$1,804,941 including all exhibits and attachments thereto) to be entered into between the Company and the Contractor, pursuant to which the Project is to be rehabilitated. Such Construction Contract shall be subject to the Consent of the Investor Member.

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

"Contractor" means Peacock Holland Construction, LLC, a Virginia limited liability company, which is the general construction contractor for the Project.

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

"Counsel" or "Counsel for the Company" means Curcio & Curcio, PC, or such other attorney or law firm upon which the Investor Member and the Managing Member shall agree; provided, however, that if any section of this Agreement either (i) designates particular counsel for the purpose described therein, or (ii) provides that counsel for the purpose described therein shall be chosen by another method or by another Person, then such designation or provision shall prevail over this general definition.

"Credit Period" means the ten-year "credit period" as defined in and determined in accordance with Section 42(f) of the Code.

"Debt Service Coverage Ratio" shall mean a fraction, the numerator of which is the difference between all cash actually received by the Company on a cash basis from normal operations less all accrued operational costs of the Project, including any required deposits to a capital replacement reserve, and the denominator of which is all debt service, reserve, mortgage insurance premium and/or other cash requirements imposed by the Project Loan documents

properly allocable to a particular period on an annualized basis, as determined by the Accountants (but not including loans to be repaid solely from available Net Cash Flow).

"Designated Individual" means the person appointed by the Partnership Representative to be the "designated individual" with the sole authority to bind the Partnership Representative pursuant to the Code and Treasure Regulations.

"Developer" means People Incorporated Housing Group, a Virginia nonstock corporation.

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

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

"Development Costs" means all of the following: (i) all direct or indirect costs paid or accrued by the Company related to the acquisition of the Land (and any improvements thereon) and the development or rehabilitation of the Project, including payment of the Development Fee, amounts due under the Construction Contract, any construction cost overruns, the cost of any change orders and all costs necessary to achieve Substantial Completion; (ii) all costs to achieve Initial Closing and Final Closing, and satisfy any escrow deposit requirements which are conditions to the Final Closing, including any amounts necessary for local taxes, utilities, mortgage insurance premiums, casualty and liability insurance premiums, and any applicable loan fees, discounts or other expenses; (iii) for the period prior to Breakeven Operations, all costs, payments and deposits needed to avoid a default under any Project Loan, including without limitation, all required deposits to satisfy any requirements of a Project Lender to keep a Project Loan "in balance"; (iv) all costs and expenses relating to remedying any environmental problem or condition or Hazardous Materials that existed on or prior to Final Closing; and (v) all Operating Deficits incurred by the Company prior to Breakeven Operations and the achievement of at least 95% physical and economic occupancy during the six-month period while Breakeven Operations are achieved.

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

“DHCD HOME Loan” means the Project Loan from the Sponsor to the Company using proceeds of a loan from the Department of Housing and Community Development, its successors and assigns (“DHCD”) HOME Program identified on Exhibit F attached hereto.

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

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

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

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

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

“Extended Use Agreement” means the Extended Use Regulatory Agreement and Declaration of Restrictive Covenants executed by the Company and the Agency dated as of July 14, 2017, setting forth certain terms and conditions under which the Project is to be operated.

“Final Closing” means the occurrence of all of the following: (i) Substantial Completion, (ii) approval by the Project Lenders, if any, of the Company's certification of actual costs as to the development and construction or rehabilitation of the Project, (iii) disbursement by all Project Lenders of any and all previously undisbursed Project Loan proceeds including the funding of the Permanent Loan under Documents acceptable to the Investor Member, and (iv) commencement of amortization as to all Project Loans (to the extent any Project Loan requires principal amortization).

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

“28-60 Set-Aside Test” means the Minimum Set-Aside Test whereby at least 28% of the units in the Project must be occupied by individuals with incomes of 60% or less of area median income, as adjusted for family size.

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

“Hazardous Substances” has the meaning set forth in Section 16.07(e).

“Hazardous Waste Laws” has the meaning set forth in Section 16.07(e).

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

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

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

"Initial Closing" means the date upon which one or more of the Project Loans is closed and the initial disbursement is made thereunder. The Initial Closing is anticipated to occur no later than December 20, 2019.

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

"Interest" or "Company Interest" means the ownership interest of a Member in the Company at any particular time, including the right of such Member to any and all benefits to which such Member may be entitled as provided in this Agreement and in the Act, together with the obligations of such Member to comply with all the terms and provisions of this Agreement and of said Act.

"Investor Member" means, initially, Housing Equity Fund of Virginia XXII, L.L.C., a Virginia limited liability company.

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

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

"Land" means the tract of land currently owned by the Company upon which the Project is located, as more particularly described on Exhibit C attached hereto.

"Late Delivery Capital Adjustment" has the meaning set forth in Section 5.01(e)(i).

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

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

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

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

stayed pending the disposition of such petition, (c) a decision by the United States Tax Court or any other federal court of competent jurisdiction upholding the assessment of such deficiency against the Company with respect to any LIHTC previously claimed in connection with the Project, unless the Company shall timely appeal such decision and the collection of such assessment shall be stayed pending the disposition of such appeal, or (d) the decision of a federal court of competent jurisdiction affirming such decision.

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

“LIHTC Shortfall” means, as to any period of time, the difference between the Certified Credit for such period of time and the Actual Credit for such period of time. For purposes of determining the amount of the LIHTC Shortfall for a particular period of time, if there is an adjustment to Capital Contributions under Section 5.01(e) because of a Late Delivery Capital Adjustment, the LIHTC Shortfall for such period of time shall be reduced by the Late Delivery Capital Adjustment.

“Liquidator” means the Managing Member or, if there is none at the time in question, such other Person who may be appointed in accordance with applicable law and who shall be responsible for taking all action necessary or appropriate to wind up the affairs of, and distribute the assets of, the Company upon its dissolution.

“Loan Agreement” means any loan agreement and/or similar agreement with respect to the terms and conditions of the making of any of the Project Loans, which will be entered into between the Company and any one of the Project Lenders at or prior to the Final Closing.

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

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

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

“Managing Member” means Millview Management, L.L.C., a Virginia limited liability company and any other Person admitted as a Managing Member pursuant to this Agreement, and their respective successors as any such successor may be admitted pursuant to this Agreement, including those Persons admitted pursuant the provisions of Sections 6.02 and 6.03.

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

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

"Member" means any Managing Member, Investor Member or Special Member.

"Member Nonrecourse Debt" means any Nonrecourse Debt (or portion thereof) for which a Member or related Person (within the meaning of Treas. Reg. §1.752-4(b)) bears (or is deemed to bear) the Economic Risk of Loss.

"Member Nonrecourse Deductions" has the meaning set forth in Treas. Reg. §1.704-2(i)(2), and the amount of Member Nonrecourse Deductions with respect to a Member Nonrecourse Debt for a fiscal year shall be determined in accordance with the rules of Treas. Reg. §1.704-2(i)(2).

"Minimum Gain" means the amount determined by computing with respect to each Nonrecourse Debt the amount of gain, if any, that would be realized by the Company if it disposed of the asset securing such liability (in a taxable transaction) in full satisfaction thereof (and for no other consideration), and by then aggregating the amounts so computed. For purposes of determining the amount of such gain with respect to a liability, the adjusted basis for federal income tax purposes of the asset securing the liability shall be allocated among all the liabilities that the asset secures in the manner set forth in Treas. Reg. §1.704-2(d)(2).

"Minimum Set-Aside Test" means the set-aside test selected by the Company pursuant to Section 42(g) of the Code with respect to the percentage of units in its Project to be occupied by tenants with incomes equal to no more than a certain percentage of area median income. The Company has selected or will select the ~~40~~-60 Set-Aside Test as restricted by Code Section 42(g)(1) to require at least 40% of the units in the Project be occupied by individuals with incomes of 60% or less of area median income, as adjusted for family size, as the Minimum Set-Aside Test.

"MM Loans" means the loans which may be made by the Managing Member to the Company pursuant to Section 5.07(a) hereof, including any accrued interest thereon. Operating Deficit Loans shall not constitute MM Loans.

"Mortgage" means any deed of trust to be given by the Company in favor of any Project Lender as maker of a Project Loan, constituting a lien on the Project and securing a Project Loan.

"Net Cash Flow" means the sum of (i) all cash received from rents, lease payments and all other sources, but excluding (A) tenant security or other deposits (except to the extent forfeited to the Company), (B) Capital Contributions and interest thereon (other than if used to pay for an item deducted below in determining Net Cash Flow), (C) proceeds from Capital Transactions and (D) interest on reserves not available for distribution, (ii) the net proceeds of any insurance, other than fire and extended coverage and title insurance, to the extent not reinvested, and (iii) any other funds deemed available for distribution by the Managing Member with the approval of the Project Lenders, if required, less the sum of (x) all cash expenditures, and all expenses unpaid but properly accrued, which have been incurred in the operation of the Company's business (whether or not such expenditure is deducted, amortized or capitalized for tax purposes), including the management fee to the Management Agent and the Accounting Fee, (y) all payments on account of any loans made to the Company (whether such loan is made by a Member or otherwise), but

not including any amounts to be paid pursuant to the Development Agreement or pursuant to any loans made by any Members where repayment of such loans is to be made out of Net Cash Flow, and (z) any cash reserves for working capital, capital expenditures, repairs, replacements and anticipated expenditures, in such amounts as may be required by the Project Lenders or the Investor Member, or may be determined from time to time by the Managing Member with the approval of the Investor Member and the Project Lenders, if required, to be advisable for the operation of the Company.

"Net Projected Tax Liabilities" means, as determined by the Accountants, based on the Company's tax records, and any final adjustments made prior to the availability of proceeds of Capital Transaction(s) for distribution, the cumulative amounts of the respective projected liabilities (collectively, the "Projected Tax Liabilities") of the Managing Member, the Investor Member's members, and their respective partners and members, if any, (collectively, the "Company Taxpayers") for any and all federal, state, and local taxes, including any recapture of prior LIHTC, to be imposed on the Company Taxpayers by reason of all Capital Transactions of the Company from which the proceeds in question are to be distributed, any and all prior Capital Transactions of the Company (to the extent proceeds from such prior Capital Transactions equal to the Projected Tax Liabilities for such prior transactions were not distributed) and any liquidation of the Company. Such projections of liabilities shall estimate the applicable tax rate or rates for the Managing Member (based on actual or projected taxable income) and shall assume the maximum applicable tax rate or rates for each of the Investor Member's partners or members, if any (without regard to actual taxable income), in effect at the time of each Capital Transaction, in all cases without regard to the alternative minimum tax, limitations on the use of business tax credits, or other factors that may affect tax liability in particular cases, and without adjustment for any variance from actual tax liabilities that may later occur.

"New Allocation" has the meaning set forth in Section 11.07(m)(ii).

"Nonrecourse Debt" means any Company liability that is considered nonrecourse for purposes of Treas. Reg. §1.1001-2 (without regard to whether such liability is a recourse liability under Treas. Reg. §1.752-1(a)(1)).

"Nonrecourse Deductions" has the meaning set forth in Treas. Reg. §1.704-2(b)(1).

"Nonrecourse Liability" means any Company liability (or portion thereof) for which no Member or related Person (within the meaning of Treas. Reg. §1.752-4(b)) bears (or is deemed to bear) the Economic Risk of Loss.

"Note" means any mortgage or deed of trust promissory note given by the Company in favor of a Project Lender evidencing a Project Loan.

"Notice" means a writing containing the information required by this Agreement to be communicated to a Member and sent by any manner set forth in Section 16.08, to such Member at such Member's address as specified pursuant to Section 16.08, the date of receipt thereof (or the

next business day if the date of receipt is not a business day) or, in the case of registered or certified mail, the date of registry thereof or the date of the certification receipt, as applicable, being deemed the date of such Notice; provided, however, that any written communication containing such information sent to such Member actually received by such Member shall constitute Notice for all purposes of this Agreement.

"Operating Deficit" means the amount by which the gross receipts of the Company from lease payments, and all other income and receipts of the Company (other than proceeds of any loans to the Company, Capital Contributions, and investment earnings not available for distribution on funds on deposit in the Reserve Fund for Replacements, and other such reserve or escrow funds or accounts not available for distribution) for a particular period of time, is exceeded by the sum of all the operating expenses, including all debt service, operating and maintenance expenses, required deposits into the Reserve Fund for Replacements, any fees to the Project Lenders and/or any applicable mortgage insurance premium payments and all other Company obligations or expenditures, and excluding payments for construction of the Project and fees and other expenses and obligations of the Company to be paid from the Capital Contributions of the Investor Member to the Company pursuant to this Agreement during the same period of time.

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

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

"Partnership Representative" has the meaning set forth in Section 11.08 of this Agreement.

"Payment Date" means the date which is ninety (90) days after the end of the Company's fiscal year with respect to the preceding fiscal year.

"Percentage Interest" means the percentage Interest of each Member as set forth in Sections 5.01(a) and (c).

"Permanent Loan" means the loans set forth on **Exhibit F** hereto as described as permanent loan.

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

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

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

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

"Profits" and "Losses" mean, for each fiscal year of the Company, an amount equal to the Company's taxable income or loss for such period from all sources, determined in accordance with §703(a) of the Code, adjusted in the following manner: (a) the income of the Company that is exempt from federal income tax shall be added to such taxable income or loss; (b) any expenditures of the Company which are not deductible in computing its taxable income and not properly chargeable to capital account under either §705(a)(2)(B) of the Code or the regulations promulgated under §704(b) of the Code shall be subtracted from such taxable income or loss; (c) in the event any Company asset is revalued in accordance with Treas. Reg. §1.704-1(b)(2)(iv)(f), then the amount of any adjustment to the value of such Company asset shall be taken into account as gain or loss from the disposition of such Company asset for purposes of computing Profits or Losses; (d) gain or loss resulting from any disposition of Company asset which has been revalued pursuant to Treas. Reg. §1.704-1(b)(2)(iv)(f) and with respect to which gain or loss is recognized for Federal income tax purposes shall be computed by reference to the adjusted value of such Company asset, notwithstanding that the adjusted tax basis of such Company asset differs from the adjusted value; (e) any depreciation, amortization or other cost recovery deductions taken into account in computing such taxable income or loss shall be recomputed based upon the adjusted value of any Company asset which has been revalued in accordance with Treas. Reg. §1.704-1(b)(2)(iv)(f); and (f) any items of income, gain, loss, deduction or credit which are specially allocated pursuant to Sections 11.07(b) through (n) shall not be taken into account in computing Profits or Losses.

"Project" means the land currently owned (or to be purchased) by the Company in Remington, Virginia and the improvements to be rehabilitated, owned and operated thereon by the Company, and to be known as Millview Apartments.

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

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

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

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

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

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

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

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

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

"Regulatory Agreement" means, to the extent applicable, and collectively, any regulatory agreements and/or any declaration of covenants and restrictions to be entered into between the Company and any Project Lender or any applicable government agency at or after the Initial Closing setting forth certain terms and conditions under which the Project is to be operated.

"Rent Restriction Test" means the test pursuant to Section 42(g) of the Code whereby the gross rent charged to tenants of the low-income units in the Project cannot exceed thirty percent (30%) of the imputed income limitation of the applicable units.

"Rental Reserve" has the meaning set forth in Section 4.02(s).

"Reserve Fund for Replacements" means the cash funded reserve for replacements required pursuant to Section 4.02 (q).

"Special Additional Capital Contribution" means the Special Additional Capital Contributions of the Investor Member under Section 5.01(d)(vii).

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

"Sponsor" means People Incorporated Housing Group, its successors and assigns.

"Sponsor AHP Loan" means the Sponsor AHP Loan from Sponsor identified on **Exhibit F** hereto.

"Sponsor Loan" means the DHCD HOME Loan from Sponsor identified on **Exhibit F** hereto.

"State Designation" means, with respect to the Project, the allocation by the Agency of LIHTC, as evidenced by the receipt by the Company of either a carryover allocation of LIHTC meeting the requirements of Section 42(h)(1)(E) of the Code and Treasury Regulations or IRS

Form 8609 executed by the Agency as to all buildings in the Project for which such form is required.

"Substantial Completion" means the date that the Company receives all necessary permanent certificate(s) of occupancy (or certificates of occupancy which contain conditions or qualifications which are Consented to by the Investor Member) from the applicable governmental jurisdictions) or authority(ies); provided, however, that Substantial Completion shall not be deemed to have occurred if on such date any liens or other encumbrances as to title to the Land and the Project exist, other than those securing any Project Loan and/or those Consented to by the Investor Member.

"Substitute Investor Member" means any Person admitted to the Company as an Investor Member pursuant to Section 9.02.

"Surplus Cash" means any Net Cash Flow which, pursuant to the Project Documents or rules or regulations of any Project Lenders or the Agency, is permitted to be distributed to the Members.

"Title Company" means Fidelity National Title Insurance Company.

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

"Unpaid LIHTC Shortfall" means the outstanding amount of any LIHTC Shortfall for all the fiscal years of the Company, reduced by any amounts of Unpaid LIHTC Shortfall distributed to the Investor Member pursuant to Article XI of this Agreement. The unpaid LIHTC Shortfall shall bear interest at the "long-term applicable Federal rate" (as defined in Section 1274 of the Code) determined as of the date of the Investor Member's First Capital Contribution, compounded monthly.

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

"VHDA" means Virginia Housing Development Authority

"Withdrawing Investor Member" means People Incorporated of Virginia.

ARTICLE III
PURPOSE AND BUSINESS OF THE COMPANY

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

3.02 Authority of the Company. In order to carry out its purpose, the Company is empowered and authorized to do any and all acts and things necessary, appropriate, proper, advisable, incidental to or convenient for the furtherance and accomplishment of its purpose, and for the protection and benefit of the Company, including but not limited to the following:

(a) acquire the Land on which the Project is to be located and any improvements thereon;

(b) construct, rehabilitate, operate, maintain, improve, buy, own, sell, convey, assign, mortgage, rent or lease any real estate and any personal property necessary to the operation of the Project;

(c) provide housing, subject to the Minimum Set-Aside Test and the Rent Restriction Test and consistent with the requirements of the Extended Use Agreement, the Regulatory Agreement and the Loan Agreements so long as the Extended Use Agreement, the Regulatory Agreement and the Loan Agreements, as applicable, remain(s) in force;

(d) enter into any kind of activity, and perform and carry out contracts of any kind necessary to, in connection with, or incidental to, the accomplishment of the purposes of the Company;

(e) borrow money and issue evidences of indebtedness in furtherance of the Company business and secure any such indebtedness by mortgage, pledge, or other lien; provided, however, that unless otherwise specifically allowed under this Agreement or otherwise Consented to by the Investor Member, any Project Loans, and any evidences of indebtedness thereof and any documents amending, modifying or replacing any of such loans shall have the legal effect that at and after Final Closing the Company and the Members shall have no personal liability for the repayment of the principal of or payment of interest on any Project Loan, and that the sole recourse of any Project Lender, with respect to the principal thereof and interest thereon, shall be to the property securing such Project Loan, except for any Carveouts;

(f) maintain and operate the Project, including hiring the Management Agent (which Management Agent may be any of the Members or an Affiliate thereof) and entering into any agreement for the management of the Project during its rent-up and after its rent-up period;

(g) subject to the approval of the Agency and/or the Project Lenders, if required, and to other limitations expressly set forth elsewhere in this Agreement, negotiate for and conclude agreements for the sale, exchange, lease or other disposition of all or substantially all of the property of the Company, or for the refinancing of any mortgage loan on the property of the Company;

(h) enter into the Loan Agreement, the Regulatory Agreement and the Extended Use Agreement, providing for regulations with respect to rents, profits, dividends and the disposition of property;

(i) rent dwelling units in the Project from time to time, in accordance with the provisions of the Code applicable to LIHTC and in accordance with applicable federal, state and local regulations, collecting the rents therefrom, paying the expenses incurred in connection with the Project, and distributing the net proceeds to the Members, subject to any requirements which may be imposed by the Extended Use Agreement, the Regulatory Agreement and/or the other Project Documents; and

(j) do any and all other acts and things necessary or proper in furtherance of the Company business.

ARTICLE IV
REPRESENTATIONS, WARRANTIES AND COVENANTS;
DUTIES AND OBLIGATIONS

4.01 Representations, Warranties and Covenants Relating to the Project and the Company. As of the date hereof, the Managing Member hereby represents, warrants and covenants to the Company and to the Members that:

(a) Due Authorizations, Execution and Delivery. The execution and delivery of this Agreement by the Managing Member and the performance by the Managing Member of the transactions contemplated hereby have been duly authorized by all requisite corporate, partnership, limited liability company or trust actions or proceedings. The Managing Member is duly organized, validly existing and in good standing under the laws of the state of its formation with power to enter into this Agreement and to consummate the transactions contemplated hereby.

(b) Rehabilitation of Project. The rehabilitation and development of the Project shall be undertaken and shall be completed in a timely and workmanlike manner in accordance with (i) all applicable requirements of the Project Loans and the Project Documents, (ii) all

applicable requirements of all appropriate governmental entities, and (iii) the Plans and Specifications of the Project that have been or shall be hereafter approved by the Investor Member and, if required, the Project Lenders and any applicable governmental entities, as such Plans and Specifications may be changed from time to time with the approval of the Investor Member and the Project Lenders, if required, and any applicable governmental entities, if such approval shall be required; it shall promptly provide copies of all change orders to the Investor Member.

(c) Zoning and Related Matters. At the date hereof, at the Initial Closing and at the time of commencement of rehabilitation and thereafter continuously, the Land is and will be properly zoned for the Project, all consents, permissions and licenses required by all applicable governmental entities have been obtained, and the Project conforms and will conform to all applicable federal, state and local land use, zoning, environmental and other governmental laws and regulations.

(d) Plans and Specifications. The Managing Member has sent to the Investor Member the Plans and Specifications (including, without limitation, all working drawings) and all construction schedules, approved the draws, certifications concerning occupancy, lien notices, project inspection reports, proposed changes and modifications to the Plans and Specifications, all documents pertaining to the Project Loan and any other information that is relevant to the rehabilitation and development of the Project.

(e) Public Utilities. All appropriate public utilities, including sanitary and storm sewers, water, gas and electricity, are currently available and will be operating properly and in sufficient capacity for the Project at the time of certificate of occupancy. The Managing Member will keep all such utilities operating in a manner sufficient to service the Project.

(f) Title Insurance. An owner's title insurance policy of a financially responsible institution acceptable to the Investor Member, in an amount equal to the principal amount of the Project Loans and the Capital Contributions of the Managing Member and the Investor Member, in favor of the Company, will be issued at or prior to the Initial Closing subject only to such easements, covenants, restrictions and such other standard exceptions as are normally included in owner's title insurance policies and which are Consented to by the Investor Member and with such endorsements to such policy as the Investor Member may request. Good and marketable fee simple title to the Land will be held by the Company. The Managing Member has not made any misrepresentation or failed to make any disclosure that will or could result in the Company lacking title insurance coverage based on imputation of knowledge of the Managing Member to the Company or the Managing Member's ability to perform its obligations hereunder.

(g) Non-Recourse Loans. Except as otherwise provided herein, at and after the Final Closing, there shall be no direct or indirect personal liability of the Company, any of the Members, or any Affiliates of the Company or Members for the repayment of the principal of or payment of interest on any Project Loan, and the sole recourse of any Project Lender under any Project Loan with respect to the principal thereof and interest thereon shall be to the property securing the indebtedness, except for any liability of the Managing Member with respect to

customary "carveouts" that are set forth in loan documents relating to the Project Loans (the "Carveouts") to which the Investor Member has Consented. However, the Managing Member shall be personally liable for the obligations of the Company under the loans made by the Sponsor or People Incorporated of Virginia described as recourse in **Exhibit "F"**, to the same extent as if it was a general partner in a limited partnership.

(h) No Defaults. The Managing Member is not aware of any default or any circumstances which, with the giving of notice or the passage of time, would constitute a default, under any agreement, contract, lease, or other commitment, or of any claim, demand, litigation, proceedings or governmental investigation pending or threatened against the Managing Member, the Project or the Company, or related to the business or assets of the Managing Member, the Project or Company, which claim, demand, litigation, proceeding or governmental investigation could result in any judgment, order, decree, or settlement which would materially and adversely affect the business or assets of the Managing Member, the Project or Company.

(i) No Violation. The execution of this Agreement, the incurrence of the obligations set forth in this Agreement, and the consummation of the transactions contemplated by this Agreement do not violate any provision of law, any order, judgment or decree of any court binding on the Company or the Managing Member or any Affiliate(s) thereof, any provision of any indenture, agreement, or other instrument to which the Company or the Managing Member is a party or by which the Company, Managing Member or the Project is affected, and is not in conflict with, and will not result in a breach of or constitute a default under any such indenture, agreement, or other instrument or result in creating or imposing any lien, charge, or encumbrance of any nature whatsoever upon the Project.

(j) Construction Contract. The Construction Contract has been entered into between the Company and the Contractor; no other consideration or fee shall be paid to the Contractor in its capacity as the Contractor for the Project other than the amounts set forth in the Construction Contract or as evidenced by change orders approved by the Project Lenders and as otherwise disclosed in writing to and approved by the Investor Member; and all change orders to date have been paid in full. In addition, no consideration or fee shall be paid to the Developer or Managing Member by the Contractor.

(k) Performance Bond; Letter of Credit. Either (i) one hundred percent (100%) payment and performance bonds issued by a nationally, financially recognized bonding company, in forms acceptable to the Project Lenders and the Investor Member, and in amounts satisfactory to the Project Lenders and the Investor Member, or (ii) a letter of credit in an amount and in a form, and from an issuer satisfactory to the Project Lenders and the Investor Member, will be obtained by the Contractor at or before Initial Closing and shall remain in full force and effect under terms and conditions as shall be acceptable to the Project Lenders and the Investor Member; in the alternative, the obligations of the Contractor will be guaranteed by the Managing Member and the Affiliate Guarantors and secured by cash, letter of credit or other security acceptable to the Project Lenders and the Investor Member.

(l) Insurance. The Managing Member shall cause the Company to obtain and maintain insurance in accordance with the requirements of Exhibit I attached hereto.

(m) No Undisclosed Financial Responsibilities. Neither the Company, nor the Managing Member, either individually or on behalf of the Company, has incurred any financial responsibility with respect to the Project prior to the date of execution of this Agreement, other than (i) that disclosed to the Investor Member, or (ii) obligations which will be fully satisfied at or prior to the Initial Closing. As of the date hereof and hereafter continuously, unless the Investor Member otherwise Consents or unless otherwise specifically provided for herein, the only indebtedness of the Company with respect to the Project are the Project Loans, if any, described on Exhibit F. Without limiting the generality of the foregoing, neither the Managing Member, any of its Affiliates nor the Company, has entered, or shall enter, into any agreement or contract for any loans (other than the Project Loan) or for the payment of any Project Loan discounts, additional interest, yield maintenance or other interest charges or financing fees or any agreement providing for the guarantee of payment of any such interest charges or financing fees relating to any Project Loan.

(n) Valid Limited Liability Company; Power of Authority. The Company is and will continue to be a valid limited liability company, duly organized under the laws of the Commonwealth of Virginia, and shall have and shall continue to have full power and authority to acquire the Land and to own, develop, construct, operate and maintain the Project in accordance with the terms of this Agreement, and shall have taken and shall continue to take all action under the laws of the State of Formation and any other applicable jurisdiction that is necessary to protect the limited liability of the Investor Members and to enable the Company to engage in its business.

(o) Restrictions on Sale or Refinancing. No restrictions on the sale or refinancing of the Project, other than restrictions that may be set forth in the Project Documents, exist as of the date hereof, and no such restrictions shall, at any time while the Investor Member is an Investor Member, be placed upon the sale or refinancing of the Project.

(p) Projected LIHTC. The Projected LIHTC applicable to the Project is \$25,591 for 2020, \$149,887 for 2021, \$153,543 for each year 2022 through 2029, \$127,953 for year 2030 and \$3,656 for 2031 which equals the amount of LIHTC the Managing Member has projected will be available to the Company. There is and at all times shall continue to be sufficient eligible basis (as defined in Section 47 of the Code) to provide the full amount of the Projected LIHTC.

(q) Compliance with Agreements. To the best of its knowledge after due inquiry, the Managing Member, either individually or on behalf of the Company, has fully complied with all applicable provisions and requirements of any and all contracts, options and other agreements with respect to the purchase of the Land and the ownership, development, financing and operation of the Project including all Project Documents; it shall take, and/or cause the Company to take, all actions as shall be necessary to achieve and maintain continued compliance with the provisions, and fulfill all applicable requirements, of such agreements.

(r) State Designation. On December 31, 2018, the Company received valid State Designation with respect to the Project in the amount of \$1,535,340 for the Credit Period.

(s) Applicable Income and Rent Restrictions. The Project is being developed in a manner which satisfies, and shall continue to satisfy, all restrictions, including tenant income and rent restrictions, applicable to projects generating LIHTC under Section 42 of the Code. The Company will comply with the so-called "40-60 Set-Aside Test" of Code Section 42(g)(1)(B), as restricted by Code Section 42(i)(2)(E)(i) so that at least 40% of the residential units in the Project will be occupied by individuals with incomes of 60% or less of area median income, as adjusted for family size; the Project is not subject to any other rental restrictions under the Project Documents except to the extent that more than 40% of the residential units in the Project will be rent and income restricted in order to generate the full amount of the Projected Credits. In addition to the foregoing, five (5) units shall be occupied by individuals with incomes 40% or less of area median income, as adjusted for family size, nine (9) units shall be occupied by individuals with incomes 50% or less of area median income, as adjusted for family size and the remaining units shall have rent levels at 60% or less of area median income, as adjusted for family size.

(t) Term of Extended Use Agreement. The term of the Extended Use Agreement will not exceed 30 years and neither the Extended Use Agreement nor any other document, instrument or agreement to which the Company is a party shall restrict, limit or waive the right of the Company to cause a termination of the Extended Use Agreement prior to the end of such 30-year term in accordance with Code Section 42(h)(6)(E)(i)(II).

(u) Ownership of Managing Member. People Incorporated Housing Group owns and shall continue to own at all times during the term of the Company one hundred percent (100%) of all classes of interests of the Managing Member.

(v) Title to Project; Taxes and Assessments. The Company has and shall have at all times good and marketable title to the Project, subject only to permitted exceptions thereto to which the Investor Member has given its Consent. All real estate taxes, assessments, water and sewer charges and other municipal charges, to the extent due and owing, have been paid in full on the Project.

(w) Taxpayer Certifications. On behalf of the Company, the Managing Member will cause to be filed any and all certifications and other documents on a timely basis with the IRS, the Agency and all other Authorities, as have been and may be required to support the full amount of Projected Credits.

(x) Taxation and Limited Liability. No event has occurred that has caused, and the Managing Member will not act in any manner that will cause (i) the Company to be treated for federal income tax purposes as an "association" taxable as a corporation, rather than as a partnership; or (ii) the Investor Member or the Special Member to be liable for the Company's obligations in excess of its Capital Contributions.

(y) No Tax-Exempt Use Property. No portion of the Project is or will be treated as "tax exempt use property" as defined in Section 168(h) of the Code. In the event the Managing Member or any member or shareholder of the Managing Member is controlled by a tax-exempt entity, such entity will make the election permitted under Section 168(h)(6)(F) of the Code. The Managing Member shall not allow the Company to enter into any lease with a tax-exempt entity without the prior written approval of the Special Member.

(z) No Abusive Tax Shelter. The Managing Member has not received notice from the IRS that it has considered the Managing Member to be involved in any abusive tax shelter and is not aware of any facts, which if known to the IRS, would cause such notice to be issued.

(aa) Required Consents; No Defaults Under Loan Documents. The Company has obtained all consents required for the admission of the Investor Member to the Company, including but not limited to, the consent of the holder(s) of the Project Loans, if necessary, and any required consents of applicable Authorities.

(ab) Bankruptcy. No Bankruptcy, including, without limitation, attachments, execution proceedings, assignments for the benefit of creditors, insolvency, reorganization or other proceedings are pending or threatened against the Company or the Managing Member. The Managing Member will not permit such a Bankruptcy to occur.

(ac) Governmental Actions. To the best of the Managing Member's knowledge, there is no official action of any Authority, pending or threatened, which in any way would (i) have a material adverse effect on the Company, the Project, the Investor Member or the LIHTC; (ii) involve any intended public improvements which improvements may result in any charge in excess of \$10,000 being levied against the Land; or (iii) any special assessment, being levied against or assessed upon the Land or the Project. There is no existing, proposed or contemplated, plan to widen, modify or realign any street or highway contiguous to the Land. The Managing Member will promptly notify the Investor Member of any such official actions or plans, if and as they arise.

(ad) Moratoria; Assignments; Dedications. There is no reassessment (except for real estate property taxes), reclassification, rezoning, proceeding, ordinance or regulation (including amendments and modifications to any of the foregoing) pending or proposed to be imposed, by any Authority or any public or private utility having jurisdiction over the Land which would have a material adverse effect upon the use or occupancy of the Project. No special assessments have been levied against the Project or by an Authority upon the commencement or completion of any construction, alteration or rehabilitation on or of the Project or any portion thereof. The Managing Member will promptly notify the Investor Member of any such actions, if and as they arise. Except as previously disclosed in writing to and approved by the Investor Member, the completion of the improvements, alteration or rehabilitation on or to the Project or any portion thereof will not require the dedication of any portion of the Project by any Authority.

(ae) No Defects, Compliance. Upon completion of the Project, there will be no material physical or mechanical defects or deficiencies in the condition of the Project, including, but not limited to, the roofs, exterior walls or structural components of the Project and the heating, air conditioning, plumbing, ventilating, elevator, utility, sprinkler and other mechanical and electrical systems, apparatuses and appliances located in, or about, the Land which would materially and adversely affect the Project or any portion thereof. The Project is free from infestation by termites or other pests, insects, animals or other vermin and the Managing Member will keep it so. The Project conforms (or will timely conform) to all governmental regulations, including, without limitation, all zoning, building, health, fire and environmental rules, regulations ordinances or requirements or environmental laws, regulations or procedures applicable to the Project where the failure to conform would result in a material adverse effect.

(af) No Defective Soils Conditions. To the best of the Managing Member's knowledge after due inquiry, there are no defects or conditions of the soil that would have a material adverse effect upon the use, occupancy and operation of the Project. The soil condition of the Land is such that it will support all of the improvements to be located thereon for its foreseeable life, without the need for unusual or new subsurface excavations, fill, footings, caissons or other installations. The improvements on the Land, as built, will be or are constructed in a manner compatible with the soil condition at the time of construction and all necessary excavations, fills, footings, caissons and other installations were then, have since been and will be provided.

(ag) Rights of First Refusal; Options. Except as contemplated by the Amended and Restated Purchase Option and Right of First Refusal Agreement set forth in **Exhibit L** attached hereto ("Right of First Refusal Agreement"), neither the Managing Member nor the Company has entered into (nor will enter into) any contracts for the sale of the Project, the LIHTC with respect thereto, or any interest in the Project or Company other than in contemplation of this Agreement, nor do there exist any rights of first refusal or options to purchase the Project, the LIHTC with respect thereto, or any interest in the Company.

(ah) Securities Law Compliance. The Managing Member has or will have timely complied or cause the timely compliance with all applicable Federal and state securities laws in connection with the offer and sale of the interest in the Company to the Investor Member.

(ai) Truth and Completeness of Representations and Disclosures. No representation, warranty or statement of the Managing Member in this Agreement or in any document, certificate or schedule furnished or to be furnished to the Investor Member pursuant hereto contains or will contain any untrue statement of a material fact or omits or will omit to state a material fact necessary to make the statements or facts contained therein not misleading. All material information concerning the Project known to the Managing Member or any of its Affiliates, or which should have been known to any of them in the exercise of reasonable care, has been disclosed by the Managing Member to the Investor Member and there are no facts or information known to the Managing Member or any of its Affiliates, or which should have been known to any of them in the exercise of reasonable care, which would make any of the facts or

information submitted by the Managing Member to the Investor Member with respect to the Project inaccurate, incomplete or misleading in any material respect.

(aj) Compliance with Fair Housing Act. At all times during the term of this Agreement, the Company shall comply with the provisions of the Fair Housing Act, as amended.

(ak) Lenders to Project Entities Generally. Subject to provisions of this Agreement with respect to related party loans a limited partner or investor member, including without limitation the Federal Home Loan Mortgage Corporation (such investor member or partner being referred to herein as a “Mortgagee”), in any entity that is a Member herein at any time may make, guarantee, own, acquire, or otherwise credit enhance, in whole or in part, a loan secured by a mortgage, deed of trust, trust deed, or other security instrument encumbering the Project owned by the Company (any such loan being referred to as a “Mortgage Loan”). Under no circumstances will a Mortgagee be considered to be acting on behalf or as an agent or the alter ego of such Member. A Mortgagee may take any actions that the Mortgagee, in its discretion, determines to be advisable in connection with a Mortgage Loan (including in connection with the enforcement of a Mortgage Loan). By acquiring an interest in the Company, each Member acknowledges that no Mortgagee owes the Company or any Member any fiduciary duty or other duty or obligation whatsoever by virtue of such Mortgagee being a limited partner or member in a Member. Neither the Company nor any Member will make any claim against a Mortgagee, or against the Member in which the Mortgagee is a member or partner, relating to a Mortgage Loan and alleging any breach of any fiduciary duty, duty of care, or other duty whatsoever to the Company or to any Member based in any way upon the Mortgagee’s status as a limited partner or member of a Member.

(al) Member Loans. No Member or any Affiliate of a Member shall make or purchase a loan to the Company unless the Company receives an opinion of competent tax counsel to the effect that such loan will have no adverse tax consequences to any of the Members.

(am) Reserved.

(an) Development Budget. The Development Budget attached hereto as **Exhibit H** is accurate and complete. The assumptions underlying the calculations therein are reasonable and based upon the Managing Member's knowledge and experience.

(ao) Reportable Transactions. The Company and its Members shall be permitted to disclose to any and all Persons, without limitation of any kind, the “tax treatment and tax structure” (as defined in Treasury Regulation Section 1.6011-4(c)) of the transaction contemplated by this Agreement and all materials of any kind (including opinions or other tax analyses) relating to such tax treatment and tax structure. The Managing Member shall (A) promptly notify the Investor Member of any “reportable transaction” under Code Section 6707(A)(c) or Treasury Regulation Section 1.6011-4 in which the Company shall engage or which it reports under Code Section 6111 and (B) maintain investor lists with respect to the Company as required under Code Section 6112. The Managing Member shall be responsible for its expenses or penalties attributable

to its failure to report a reportable transaction or maintain lists (in accordance with Code Section 6112) as required by the Managing Member or the Company under the Code and applicable Treasury Regulations. Material advisors are required to supplement information disclosed to the IRS if the information provided in a filed disclosure is no longer accurate, in such instances, the Managing Member agrees to provide timely supplemental information about the Project to the IRS and the Investor.

(ap) Reasonableness of Fees. All fees to be paid to the Managing Member or any Affiliate of the Managing Member hereunder or otherwise in connection with the development of the Project are reasonable in amount and consistent with standard practice in the industry.

(aq) REAC and HUD Reports. The Managing Member shall advise the Investor Member of any REAC (Real Estate Assessment Center) inspection reports it receives with respect to the Project as well as any notices from HUD indicating any adverse findings with respect to the Project, including, but not limited to, the following:

- (i) management review findings;
- (ii) Section 8 HAP contract violations; and
- (iii) HUD Regulatory Agreement violations.

(ar) Governmental Review and Approvals/HUD 2530 Language. The Company shall not acquire or proceed with the development of the Project unless approval is obtained from HUD if such approval is required in connection with such development or acquisition. If the acquisition or development of the Project necessitates the filing of a Form 2530 Previous Participation Certificate with HUD (a "Previous Participation Certification"), the Managing Member shall so notify the Investor Member and such acquisition or development shall not proceed without the required Form 2530 filing. The Managing Member shall also provide adequate information to the Investor Member to enable any of its members to file any additional documents that may be required by HUD. Such information shall include but not be limited to the following:

- (i) type of financing and governmental agency providing such assistance, FHA project number, Section 8 contract number or other agency identification number (if any);
- (ii) closing date/date of receipt of assistance;
- (iii) date that the Project is intended to be acquired and/or the development is to be financed by the Company;
- (iv) property address and last inspection date/rating;

(v) status of any pre-existing loan on the project (current, defaulted, assigned or foreclosed) and if ever defaulted, an explanation as to the causes of such default/foreclosure.

(as) OFAC Requirements. The Managing Member and its Affiliates are (i) in compliance with all applicable anti-money laundering laws, including, without limitation, the USA Patriot Act and the laws administered by the United States Treasury Department's Office of Foreign Assets Control ("OFAC"), including, without limitation, Executive Order 13224, (ii) not on the Specially Designated Nationals and Blocked Persons List maintained by OFAC, and (iii) not otherwise identified by a government entity or legal authority as a Person with whom a U.S. Person is prohibited from transacting business. "U.S. Person" shall mean any United States citizen, any permanent resident alien, any entity organized under the laws of the United States (including foreign branches), or any person in the United States.

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

4.02 Duties and Obligations Relating to the Project and the Company. The Managing Member shall have the following duties and obligations with respect to the Project and the Company:

(a) Qualifying for LIHTC. It shall ensure that all requirements shall be met which are necessary to obtain or achieve (i) compliance with the Minimum Set-Aside Test, the Rent Restriction Test, and any other requirements necessary for the Project to initially qualify, and to continue to qualify, for LIHTC, including all applicable requirements set forth in the Regulatory Agreement and the Extended Use Agreement, (ii) issuance of IRS Form(s) 8609 with respect to the LIHTC, (iii) issuance of all necessary permanent, unconditional certificates of occupancy, including all governmental approvals required to permit occupancy of the Project, (iv) Initial Closing and Final Closing, and (v) compliance with all material provisions of the Project Documents.

(b) Tax Treatment of Company. While conducting the business of the Company, the Managing Member shall not act in any manner which it knows or should have known after due inquiry will (i) cause the termination of the Company for federal income tax purposes without the Consent of the Investor Member or (ii) cause the Company to be treated for federal income tax purposes as an association taxable as a corporation.

(c) Securities Law Matters. The Managing Member shall prepare and timely file all appropriate reports for the Company with the Securities and Exchange Commission and state securities administrators.

(d) Limited Liability Company Status. The Managing Member shall (i) file such certificates and do such other acts as may be required to qualify and maintain the Company as a limited liability company under the Act and to qualify the Company to transact business in all such other jurisdictions as may be required under the applicable provisions of law, and (ii) take or cause the Company to take all reasonable steps deemed necessary by counsel to the Company to assure that the Company is at all times classified as a partnership for federal income tax purposes.

(e) Good Faith of Managing Member. It shall exercise good faith in all activities relating to the conduct of the business of the Company, including the development, operation and maintenance of the Project, and the Managing Member shall take no action with respect to the business and property of the Company which is not reasonably related to the achievement of the purpose of the Company.

(f) No Security Interests or Encumbrances, Debt Service Coverage Ratio. The Managing Member shall ensure that all of (i) the fixtures, maintenance supplies, tools, equipment and the like now and to be owned by the Company or to be appurtenant to, or to be used in the operation of the Project, as well as (ii) the rents, revenues and profits earned from the operation of the Project, will be free and clear of all security interests and encumbrances except for the Project Loans, the Mortgages, and any additional security agreements executed in connection therewith. From and after the Final Closing, the Project shall maintain a Debt Service Coverage Ratio of at least 1.15:1.0.

(g) Basis Adjustments. It will execute on behalf of the Company all documents necessary pursuant to Sections 732, 743 and 754 of the Code to elect to adjust the basis of the Company's property upon the request of the Investor Member, if, in the sole opinion of the Investor Member, such election would be advantageous to the Investor Member.

(h) Payment of Development Fee. It guarantees payment by the Company of the Development Fee as provided in Section 5.01(b).

(i) Tax Returns and Financial Statements. It shall, during and after the period in which it is a Member, provide the Company with such information and sign such documents as are necessary for the Company to make timely, accurate and complete submissions of federal and state income tax returns and shall provide the Investor Member with the opportunity to review and Consent to drafts of all such returns at least twenty (20) days prior to their filing date, and will incorporate the changes of the Investor Member. In addition, the Managing Member shall provide the Investor Member with the opportunity to have not less than twenty (20) days to review drafts of audited financial statements prior to their finalization and will incorporate the changes of the Investor Member.

(j) Compliance with Governmental and Contractor Obligations. It shall comply and cause the Company to comply with the provisions of all applicable governmental and contractual obligations including any Regulatory Agreement.

(k) Tax Elections. It has made (if applicable) and shall make such elections, or refrain from making such elections, with respect to the LIHTC, as are necessary to achieve and maintain the maximum allowable LIHTC to the Investor Member, unless otherwise directed in writing by the Investor Member. The Managing Member will make the election to be taxable under Section 168(h) of the Code. In connection herewith, the Company will not make an election to opt out of the bonus depreciation available under Section 168(k) of the Code without the Consent of the Investor Member.

(l) Fines and Penalties. It shall be responsible for the payment of any fines or penalties imposed by any applicable governmental authority or any Project Lender pursuant to the Project Documents and any documents executed in connection with obtaining the LIHTC (other than with respect to payments of principal or interest under any Project Loan) attributable to any action or inaction of it or its Affiliates.

(m) Notification of Default or IRS Proceedings. It shall immediately notify the Investor Member of any written or oral notice of (i) any default or failure of compliance with respect to any of the Project Loans or any other financial, contractual or governmental obligation of the Company or the Managing Member, or (ii) any IRS proceeding regarding the Project or the Company.

(n) Notification of Construction Delays. If at any time during the construction or rehabilitation of the Project, (i) construction or rehabilitation stops or is suspended for a period of ten (10) consecutive days, or (ii) construction or rehabilitation has been delayed so that in the reasonable determination of the Managing Member (A) Substantial Completion may not be achieved by the date set forth in the Construction Contract, or (B) the Projected Credits for any year during the Credit Period may not be achieved, the Managing Member shall immediately send Notice of such occurrence, together with an explanation of the circumstances surrounding such occurrence, to the Investor Member.

(o) Bank Accounts. The Managing Member shall establish in the name and on behalf of the Company such bank accounts as shall be required to facilitate the operation of the Company's business. The Company's funds shall not be commingled with any other funds of the Managing Member or any of its Affiliates, including, without limitation, any other limited liability company in which the Managing Member is a managing member. Promptly upon the request of the Investor Member, the Managing Member shall obtain and deliver to the Investor Member full, complete and accurate statements of the amount and status of all Company bank accounts and all withdrawals therefrom and deposits thereto.

(p) Sales Notice to State Agency. If necessary to obtain, maintain or avoid recapture of any LIHTC for the Company, upon written request of an Investor Member, the Managing Member shall, pursuant to Section 42(h)(6) of the Code, submit on behalf of the Company and its Members, and in accordance with the rules and regulations of the Agency, a

written request to the Agency (or other applicable housing credit agency) to find a Person to acquire the Project pursuant to a Qualified Contract.

(q) Reserve Fund for Replacements. It shall establish and maintain a segregated replacement reserve, in a lending institution acceptable to the Special Member, to provide for working capital needs, improvements, replacements and any other contingencies of the Company. Commencing on the year that Final Closing occurs, the Managing Member shall ensure that \$300 per unit per year to be deposited from the Company's gross operating revenues be deposited into the Reserve Fund for Replacements ("Ongoing Amount"). Thereafter, the Managing Member shall, each year, further fund the Reserve Fund for Replacement with an additional amount equal to the Ongoing Amount. Withdrawals from the Reserve Fund for Replacements shall require the Consent and signature of the Investor Member or Special Member. The Managing Member shall not increase the amount in the Reserve Fund for Replacements materially above the amount required to be maintained by this Section 4.02(q) without the Consent of the Investor Member, which Consent shall not be unreasonably withheld. Notwithstanding anything to the contrary in this Section 4.02(q), however, the amount of the Reserve Fund for Replacements shall be increased if necessary to satisfy the requirements of any Project Lender, except the Sponsor, or any Authority having jurisdiction over the Project.

(r) Operating Reserve. In addition to the requirements of Section 4.02 (q), in order to meet operating expenses of the Company which exceed operating income available for the payment thereof, the Managing Member shall cause the Company to deposit an initial amount of \$130,000 (or such greater amount as may be required by the Project Lenders) into a segregated reserve account in a lending institution acceptable to the Special Investor Member (the "Operating Reserve") to fund operating expenses and debt service in excess of operating revenues and to pay any Unpaid Fee, as that term is defined in Paragraph 5.01(b) hereof. The Operating Reserve shall be funded on or before the seventh Capital Contribution from the proceeds of such Capital Contribution and/or the proceeds of the Project Loans; provided, however, that if there are insufficient funds from the aforementioned sources, the Managing Member shall be required to fund the Operating Reserve. Disbursements from the Operating Reserve for the aforementioned purposes shall constitute MM Loans by the Managing Member only to the extent of amounts funded by it into the Operating Reserve pursuant to the previous sentence. If there is a delay in the payment of the seventh Capital Contribution due to the fault of the Investor Member ("Delayed Operating Reserve Payment"), the unpaid portion of the Capital Contribution attributable to the Operating Reserve shall bear interest at the rate of 1.5% per annum, and such unpaid portion, including any accrued interest, will be paid no later than 24 months after payment of the remaining portion of seventh Capital Contribution. If the Delayed Operating Reserve Payment is necessary to pay guaranty or other obligations hereunder, Investor Member shall disburse such payment and fully fund the Operating Reserve. Additionally, the Managing Member shall cause the Company to deposit into the Operating Reserve amounts sufficient to maintain a balance of \$130,000 from Net Cash Flow, as set forth in Section 11.03(b) hereof. Withdrawals from the Operating Reserve shall require the prior approval of the Special Member.

(s) Lease-Up Reserve and Rental Reserve. At the time of the fourth Capital Contribution the Managing Member shall establish and cause the Company to fund and maintain a lease-up reserve (the "Lease-Up Reserve") in the name of the Company and maintained in a segregated Company account established for this purpose. The amount of the Lease-Up Reserve shall be \$15,000 and shall be fully funded by the proceeds of the fourth Capital Contribution. Withdrawals from the Lease-up Reserve account shall require the Consent and signature of the Investor Member. At such time as the Project Property shall have achieved and maintained for a period of at least six months at least 93% occupancy (measured by both physical occupancy and "paid" occupancy based upon the then current rents for apartment units), any unused portion of the Lease-Up Reserve be used to pay for rehabilitation costs or deferred Development Fee.

At the time of the fourth Capital Contribution the Managing Member, shall deposit \$150,000 into a rental reserve account held by the Company (the "Rental Reserve") which will be used to provide a rental subsidy for the first five years of the Compliance Period. The Managing Member shall provide the Investor Member with prompt written notice of any disbursements from the Rental Reserve.

(t) Pre-Development Activities. The Managing Member shall be specifically and solely responsible for the following duties:

- (1) Analyzing the Qualified Allocation Plan ("QAP") for targeted areas within a state.
- (2) Identifying potential land sites.
- (3) Analyzing the demographics of potential sites.
- (4) Analyzing a site's economy and forecast future growth potential.
- (5) Determining the site's zoning status and possible rezoning actions.
- (6) Contacting local government officials concerning access to utilities, public transportation, impact fees and local ordinances.
- (7) Performing environmental tests on selected sites.
- (8) Negotiating the purchase of the land upon which the Project is located and its related financing.
- (9) Performing any other duties or activities relating to the acquisition of the land upon which the Project is located.

(u) The parties acknowledge that the Tax Cut and Jobs Act of 2017 (the "Act") has become law. Notwithstanding the foregoing, the Members agree to work together to make

appropriate elections and tax return reporting choices to avoid reducing the Investor Member's expected benefits from being a member of the Company. In this regard and without limiting the foregoing, the Managing Member agrees that unless directed otherwise by the Investor Member, the Company shall make the election under Code Section 163(j)(7)(B) as provided in the Act to be an Electing Real Property Trade or Business. In addition, if directed by the Investor Member, the Managing Member shall elect out of bonus depreciation allowed under Section 167(k) on one or more classes of property for one or more years or if allowable, elect less than the maximum amount of bonus depreciation.

4.03 Single Purpose Entity. The Managing Member shall engage in no other business or activity other than that of being the Managing Member of the Company. The Managing Member was formed exclusively for the purpose of acting as the Managing Member of the Company and has never engaged in any other activity, business or endeavor. As of the date of this Agreement, the Managing Member has no liabilities or indebtedness other than its liability for the debts of the Company, and the Managing Member shall not incur any indebtedness other than its liability for the debts of the Company. If the Managing Member determines it needs additional funds for any purpose, it shall obtain such funds solely from capital contributions from its shareholders or members. The Managing Member has observed and shall continue to observe all necessary or appropriate corporate formalities in the conduct of its business. The Managing Member shall keep its books and records separate and distinct from those of its shareholders, members and affiliates. The Managing Member shall clearly identify itself as a legal entity separate and distinct from its shareholders, members and its affiliates in all dealings with other Persons. The Managing Member has been adequately capitalized for the purposes of conducting its business and will not make distributions at a time when it would have unreasonably small capital for the continued conduct of its business.

ARTICLE V
MEMBERS, MEMBERSHIP INTERESTS
AND OBLIGATIONS OF THE COMPANY.

5.01 Members; Capital Contributions; Membership Interests.

(a) Managing Member Contribution. The Managing Member, its principal address or place of business, its Capital Contribution and its Percentage Interest are as follows:

(i) Name and Address:
Millview Management, L.L.C., a Virginia limited liability company
1173 West Main Street
Abingdon, VA

(ii) Capital Contribution: \$100, plus all of its rights, title and interest in, to and under all agreements, licenses, approvals, permits, LIHTC applications and allocations and any other tangible or intangible personal property which is related to the Project or which is required

to permit the Company to pursue its business and carry out its purposes as contemplated in this Agreement.

(iii) Percentage Interest: 0.009%

(b) Managing Member's Special Capital Contribution. In the event that the Company has not paid all or part of the amounts due under the Development Agreement ("Unpaid Fee") on or before the earlier of (i) the thirteenth (13th) anniversary of placement in service of the Project, or (ii) the date required under the Development Agreement, the Managing Member shall contribute to the Company an amount equal to any such Unpaid Fee (the "Managing Member's Special Capital Contribution") and the Company shall thereupon make a payment in an equal amount to the Unpaid Fee; provided, however, that prior to the making of the Managing Member's Special Capital Contribution, funds in the Operating Reserve may be used to pay the Unpaid Fee, subject to approval by the Investor Member, and after application of the approved portion of the Operating Reserve, any remaining Unpaid Fee shall be paid using the Managing Member's Special Capital Contribution.

(c) Investor Members. The Investor Member and the Special Member, respectively, their principal officer and places of business and Percentage Interests are as follows:

(i) The Investor Member, its principal office and place of business, and its Percentage Interest are as follows:

Housing Equity Fund of Virginia XXII, L.L.C. 1840 West Broad Street, Suite 200 Richmond, Virginia 23220	Capital Contribution of the Investor Member 99.99% as increased for purposes of the Company's books of account by the amount of the Capitalized Bridge Loan Interest allocable to the Investor Member, also as set forth in subparagraph (d) immediately below
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(ii) The Special Member, its principal office and place of business, its Percentage Interest and its Capital Contribution are as follows:

VAHM, LLC 1840 West Broad Street, Suite 200 Richmond, Virginia 23220	\$10.00	0.001%
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(d) Investor Member Capital Contributions. Subject to the provisions of this Agreement, including, without limitation, the provisions of Sections 5.01(e) and 5.03, the Investor Member shall be obligated to make Capital Contributions to the Company in the amount of \$1,351,178 payable in installments as follows. However, in addition to such Contributions, the Capital Contributions of the Investor Members shall be deemed to include, and their respective Capital Accounts shall so reflect, each Investor Member's allocable share of Capitalized Bridge Loan Interest as determined by the Company's Accountants in consultation with each Investor Member.

(i) First Capital Contribution. The amount of the first Capital Contribution shall be Two Hundred Thousand and No/100 Dollars (\$200,000). After satisfaction of all of the conditions set forth below, and review and approval of the items described below, the Investor Member shall make the first Capital Contribution. A portion of the first Capital Contribution in the amount of \$35,000 shall be used to pay the Investor Member's Due Diligence Costs and an additional portion of the first Capital Contribution shall be used to pay for approved costs of the Development of the Project and a portion of the Development Fee in the projected amount of \$50,000.

- (A) Title Policy. The Title Company shall have issued the Company's title policy in an amount equal to the acquisition and development cost of the Project, showing the Company as owner of fee simple title to the Land and subject to only such exceptions as are acceptable to the Investor Member, and containing fairways, non-imputation, zoning, survey, access, tax parcel and such other endorsements as the Investor Member may require;
- (B) Environmental Matters. The Investor Member shall have received a report satisfactory to the Investor Member confirming no material adverse environmental conditions, including, without limitation, evidence that radon gas is not present in any of the apartment units at a level above the recommended permitted safe level as determined by the Environmental Protection Agency or any other applicable governmental authority;
- (C) Legal Opinion. The Investor Member shall have received a legal opinion as set forth in Section 5.04;
- (D) Permanent Financing. The Investor Member shall have received copies of all commitment letters or agreements from all of the Company's anticipated financing sources, in form and substance acceptable to the Investor Member, necessary to meet the Company's financial needs for the Project.
- (E) Survey. The Investor Member shall have received and approved an ALTA Survey, dated no more than ninety (90) days prior to the date of funding;
- (F) Plans and Specifications. The Investor Member shall have received and approved Plans and Specifications for the Project;
- (G) Permits. The Investor Member shall have received a copy of all permits and licenses required for the construction and rehabilitation of the Project, issued by the appropriate governmental authorities;
- (H) Construction Financing. Evidence that all construction financing proceeds are available, including copies of all executed construction financing documents;

- (I) Credits. Evidence from the Agency that the Project will qualify for annual LIHTC of at least \$153,543;
- (J) Construction Contract. The general construction contract, in form and substance acceptable to the Investor Member and with a fixed price or maximum upset price acceptable to the Investor Member, and with a general contractor reasonably acceptable to the Investor Member;
- (K) Financials. Current financial statements of the Developer, verification of background information to be provided to the Investor Member by the Managing Member and there having been no changes in the tax laws or treasury regulations or pronouncements or interpretations of existing tax issues that would materially and adversely affect the Investor Member's investment in the Company;
- (L) Other Documentation. The Investor Member shall have received such other documentation as it may reasonably request to satisfy its due diligence requirements including, without limitation, (i) those documents listed on the Investor Member's closing checklist, a copy of which has been previously delivered to the Managing Member; and (ii) such additional items requested by the Investor Member to otherwise verify the accuracy of the representations and warranties and compliance with the covenants, duties and obligations set forth in Article IV.

(ii) Second Capital Contribution. The amount of the second Capital Contribution shall be One Hundred Twenty-Five Thousand and No/100 Dollars (\$125,000). After satisfaction of all of the conditions set forth below, and review and approval by the Investor Member of the items described below, the Investor Member shall make the second Capital Contribution in the amount requested by the Managing Member in the manner set forth below to repay the Construction Loan and/or to pay the cost of rehabilitation of the Project.

- (A) First Capital Contribution Paid. The occurrence of the Investor Member's first Capital Contribution;
- (B) Sworn Statements. The Investor Member shall have received a written request for an advance from the Managing Member in form satisfactory to the Investor Member, accompanied by current owner's and contractor's sworn statements;
- (C) Managing Member's Certificate. The Investor Member shall have received a certificate from the Managing Member that the representations, warranties and covenants in Sections 4.01 and 4.02 are true and accurate as of the date of the proposed Second Capital Contribution, and that the Managing Member and the Company are not in default of any of their obligations hereunder and under the Project Documents as of the date of the proposed Second Capital Contribution;

- (D) Physical Inspection. A construction consultant selected by the Investor Member shall have prepared a physical inspection report and certified that the amount requested by the Managing Member is in accordance with the labor and materials in place and showing at least 25% completion of the Project;
- (E) Title Policy. The Title Company shall have issued: (1) a "date down" endorsement to the title policy extending the effective date of the title policy to the date of funding and showing no exceptions to the title other than the exceptions reflected on the title policy as of Initial Closing, except as shall be acceptable to the Investor Member; (2) an endorsement affording mechanics lien coverage; and (3) such other endorsements as the Investor Member may reasonably require;
- (F) DHCD Loan Commitment. Issuance of the DHCD Loan Commitment and payment of the DHCD loan fees all upon terms and conditions acceptable to the Investor Member;
- (G) 10% Carryover Certification. The Investor Member shall have received a copy of the cost certification the Company or Affiliate Guarantor delivered to the Virginia Housing Development Authority in connection with any carryover of LIHTC, with copies of all invoices and backup information; and
- (H) Other Documentation. The Investor Member shall have received such other documentation as it may reasonably request to verify the accuracy of the representations and warranties and compliance with the covenants, duties and obligations set forth in Article IV and the Post Closing Obligations, if any, as set forth on **Exhibit K** attached hereto.

(iii) Third Capital Contribution. The amount of the third Capital Contribution shall be One Hundred Twenty-Five Thousand and No/100 Dollars (\$125,000). After satisfaction of all of the conditions set forth below, and review and approval by the Investor Member of the items described below, the Investor Member shall make the third Capital Contribution in the amount requested by the Managing Member in the manner set forth below, to repay the Construction Loan and/or to pay the cost of rehabilitation of the Project.

- (A) Second Capital Contribution Paid. The occurrence of the Investor Member's second Capital Contribution;
- (B) Sworn Statements. The Investor Member shall have received a written request for an advance from the Managing Member in form satisfactory to the Investor Member, accompanied by current owner's and contractor's sworn statements;
- (C) Managing Member's Certificate. The Investor Member shall have received a certificate from the Managing Member that the representations, warranties and covenants in Sections 4.01 and 4.02 are true and accurate as of the date of the

proposed Second Capital Contribution, and that the Managing Member and the Company are not in default of any of their obligations hereunder and under the Project Documents as of the date of the proposed third Capital Contribution;

- (D) Physical Inspection. A construction consultant selected by the Investor Member shall have prepared a physical inspection report and certified that the amount requested by the Managing Member is in accordance with the labor and materials in place and showing at least 50% completion of the Project;
- (E) Title Policy. The Title Company shall have issued: (1) a "date down" endorsement to the title policy extending the effective date of the title policy to the date of funding and showing no exceptions to the title other than the exceptions reflected on the title policy as of Initial Closing, except as shall be acceptable to the Investor Member; (2) an endorsement affording mechanics lien coverage; and (3) such other endorsements as the Investor Member may reasonably require;
- (F) Rehabilitation Expenditures. Evidence that the Project has achieved or will achieve no later than December 31, 2020, rehabilitation expenditures for each building in an amount not less than the greater of: (a) 20% of the adjusted basis of such building; or (b) \$7,000 per Low-Income Unit in such building, as may be subsequently increased by the IRS for inflation amounts; and
- (G) Other Documentation. The Investor Member shall have received such other documentation as it may reasonably request to verify the accuracy of the representations and warranties and compliance with the covenants, duties and obligations set forth in Article IV and the Post Closing Obligations, if any, as set forth on Exhibit K attached hereto.

(iv) Fourth Capital Contribution. The amount of the fourth Capital Contribution shall be One Hundred Fifteen Thousand and No/100 Dollars (\$115,000). After satisfaction of all of the conditions set forth below, and review and approval by the Investor Member of the items described below, the Investor Member shall make the Fourth Capital Contribution in the amount requested by the Managing Member in the manner set forth below, to fund the Lease up Reserve in the amount of \$15,000 and then to repay the Construction Loan and/or pay the cost of rehabilitation of the Project.

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

- (C) Managing Member's Certificate. The Investor Member shall have received a certificate from the Managing Member that the representations, warranties and covenants in Sections 4.01 and 4.02 are true and accurate as of the date of the proposed Fourth Capital Contribution, that the Managing Member and the Company are not in default of any of their obligations hereunder and under the Project Documents as of the date of the proposed fourth Capital Contribution;
 - (D) Physical Inspection. A construction consultant selected by the Investor Member shall have prepared a physical inspection report and certified that the amount requested by the Managing Member is in accordance with the labor and materials in place and showing at least 75% completion of the Project;
 - (E) Title Policy. The Title Company shall have issued: (1) a "date down" endorsement to the title policy extending the effective date of the title policy to the date of funding and showing no exceptions to the title other than the exceptions reflected on the title policy as of Initial Closing, except as shall be acceptable to the Investor Member; (2) an endorsement affording mechanics lien coverage; and (3) such other endorsements as the Investor Member may reasonably require;
 - (F) Rental Reserve. Evidence of the Rental Reserve has been funded; and
 - (G) Other Documentation. The Investor Member shall have received such other documentation as it may reasonably request to verify the accuracy of the representations and warranties and compliance with the covenants, duties and obligations set forth in Article IV and the Post Closing Obligations, if any, as set forth on **Exhibit K** attached hereto.
- (v) Fifth Capital Contribution. The amount of the fifth Capital Contribution shall be Five Hundred Thirty-One Thousand One Hundred Seventy-Eight and No/100 Dollars (\$531,178.00). After satisfaction of all of the conditions set forth below, and review and approval by the Investor Member of the items described below, the Investor Member shall make the fifth Capital Contribution in the amount requested by the Managing Member in the manner set forth below, to repay the Construction Loan, then to pay for the cost of rehabilitation of the Project and then to pay a portion of the Development Fee in the projected amount of \$130,940.
- (A) Fourth Capital Contribution Paid. The occurrence of the Investor Member's fourth Capital Contribution;
 - (B) DHCD HOME Loan and Sponsor AHP Loan. Executed copies of the documents relating to the Sponsor Loan and the Sponsor AHP Loan, in a form acceptable to the Investor Member, and the Company shall have received the funding of such Loan as described in **Exhibit F**.

- (C) Final Closing. Simultaneously with Final Closing, provided that the Investor Member has received fifteen (15) days' prior written notice of the date of Final Closing, and has received copies of any loan documents (including loan riders) executed in connection with the permanent financing that have not been previously delivered to the Investor Member;
- (D) Substantial Completion. Substantial Completion of the Project shall have occurred;
- (E) Survey. The Investor Member shall have received and approved an updated and recertified as-built survey satisfactory to the Investor Member dated no more than thirty (30) days prior to the date of funding;
- (F) As Built Plans and Specifications. The Managing Member shall have submitted to the Investor Member a written document executed by the Managing Member, the architect and the Contractor certifying no material change to the "for-construction" Plans and Specifications previously approved by the Project Lenders and Investor Member;
- (G) Permits, Licenses and Certificates of Occupancy. The Investor Member shall have received a copy of any permits and licenses which are required for the operation and use of the Project and a copy of the final and unconditional certificate or certificates of occupancy, or the equivalent, issued by the appropriate governmental authorities for the Project in its entirety;
- (H) Cost Certification. Receipt of a draft cost certification of Eligible Basis (as defined in Code Section 42(d)) for the Project prepared by the Accountants;
- (I) Managing Member Certificate. Receipt of a certificate from the Managing Member that (1) the representations, warranties and covenants in Sections 4.01 and 4.02 continue to be true and accurate through the date of the proposed Fifth Capital Contribution and (2) the Company and the Managing Member are not in default of any of their obligations with respect to the Company or the Project at such time;
- (J) Legal Opinion. The Investor Member shall have received an update of the legal opinion previously delivered to the Investor Member in connection with its making the Initial Capital Contribution;
- (K) Evidence of Applicable Fraction. The Investor Member shall have received satisfactory evidence that the Applicable Fraction (as defined in Code Section 42(c)(1)(B)) for the Project equals or exceeds forty percent (28%) determined as of the date of the proposed Third Capital Contribution;

- (L) Architect's Certificate. The Managing Member shall have delivered to the Investor Member an architect's certificate of substantial completion in the form requested by the Investor Member;
- (M) Payment of Taxes. The Investor Member shall have received satisfactory evidence (which may be included in the title policy described in subparagraph (O) immediately below) that all real property taxes and assessments for the Project due and payable through the date of funding have been timely and fully paid;
- (N) Title Policy. The Title Company shall have issued a final date down endorsement to the title policy extending the date of the title policy through the date of final funding of the Project Loans and the Third Capital Contribution and showing no exceptions to title other than those exceptions reflected on the title policy as of Initial Closing and other exceptions as may be acceptable to the Investor Member;
- (O) Managing Member Elections. The Managing Member will provide evidence that it has made the election to be taxable under Code Section 168(h)(6)(F)(ii) and that such election was effective prior to placement in service of the Project. The Managing Member will also provide evidence that it has filed Form 8832 with the IRS electing to be taxed as a corporation and that such election was effective prior to placement in service of the Project; and
- (P) Other Documentation. The Investor Member shall have received such other documentation as it may reasonably request to verify the accuracy of the representations and warranties and compliance with the covenants, duties and obligations set forth in Article IV and the Post Closing Obligations, if any, as set forth on **Exhibit K** attached hereto.

Amounts disbursed pursuant to Sections 5.01(d)(i) through (v), and to the extent necessary to pay for the costs of construction or rehabilitation, any amount under Section 5.01(d)(vi), shall be disbursed through an escrow agreement in form and substance satisfactory to the Investor Member. All investment earnings on the Investor Member's Capital Contributions disbursed through an escrow shall inure to the benefit and belong to the Investor Member.

(vi) Sixth Capital Contribution. The amount of the sixth Capital Contribution shall be One Hundred Twenty-Five Thousand and No/100 Dollars (\$125,000). After satisfaction of all of the conditions set forth below, and review and approval by the Investor Member of the items described below, the Investor Member shall make the sixth Capital Contribution in the amount requested by the Managing Member in the manner set forth below, to pay a portion of the Development Fee in the projected amount of \$125,000. Notwithstanding, the foregoing, \$10,000 of the Developer Fee shall be withheld until the Project has achieved at least six (6) months of Breakeven Operations.

- (A) Fifth Capital Contribution Paid. The occurrence of the Investor Member's fifth Capital Contribution;
- (B) Qualified Occupancy. Achievement of occupancy of one hundred percent (100%) of the residential units in the Project by Qualified Tenants, and the Managing Member, if requested by the Investor Member, shall demonstrate such occupancy by submitting to the Investor Member certified rent rolls and tenant qualification forms that confirm that such tenants qualify under Section 42 of the Code;
- (C) Breakeven Operation. The last day of the month following the month in which Breakeven Operations occurs (with the Project having achieved at least 95% physical and economic occupancy for consecutive six month period in which Breakeven Operations has been achieved); provided, however, if Breakeven Operations has been met for three consecutive months, then Investor Member will release all of the sixth Capital Contribution targeted to pay a portion of the Development Fee, except for \$10,000 which hold back will be released to pay the Development Fee upon the achievement of six consecutive months of Breakeven Operations;
- (D) Managing Member Certificate. The Investor Member shall have received a certificate from the Managing Member that (1) the representations, warranties and covenants in Sections 4.01 and 4.02 are true and accurate as of the date of the proposed Sixth Capital Contribution and (2) the Company and the Managing Member are not in default of any of their obligations with respect to the Company or Project at such time;
- (E) Company Tax Return. The Investor Member shall have received a complete copy of the Company's 2020 and 2021 tax returns, if not previously delivered;
- (F) Other Documentation. The Investor Member shall have received such other documentation as it may reasonably request to verify the accuracy of the representations and warranties and compliance with the covenants, duties and obligations set forth in Article IV;
- (H) Cost Certification. Receipt of an audited cost certification of Eligible Basis (as defined in Code Section 42(d)) for the Project prepared by the Accountants;
- (I) 8609's. Receipt of the Form(s) 8609 for the entire Project executed by the Agency;
- (J) Environmental Matters. The Managing Member shall have provided the Investor Member evidence that the construction of the Project did not result in the filling or disturbance of any wetlands and that any actions recommended to be taken which were contained in any environmental assessment reports prepared in conjunction with the development of the Project have been appropriately completed in a manner

that fully complies with such recommendations and all laws, regulations, ordinances, orders or decrees pertaining to environmental matters; and

- (K) Other Documentation. The Investor Member shall have received such other documentation as it may reasonably request to verify the accuracy of the representations and warranties and compliance with the covenants, duties and obligations set forth in Article IV and the Post Closing Obligations, if any, as set forth in **Exhibit K** attached hereto.

(vii) Seventh Capital Contribution. The amount of the seventh Capital Contribution shall be One Hundred Thirty Thousand and No/100 Dollars (\$130,000.00). After satisfaction of all of the conditions set forth below, and review and approval by the Investor Member of the items described below, the Investor Member shall make the seventh Capital Contribution in the amount requested by the Managing Member in the manner set forth below, to set up the Operating Reserve. Notwithstanding the foregoing, this seventh Capital Contribution shall be made within twenty-four (24) months of the date the Project is eligible to receive the final \$10,000 of the sixth Capital Contribution. Any amounts not deposited immediately upon the Investor Member's review and approval of the items described below will accrue interest at 1.5% per annum to be paid to the Company by the Investor Member. If the Members determine there is a need for the Operating Reserve within the aforementioned twenty-four (24) month period, the Investor Member may release this seventh Capital Contribution to the Company.

- (A) Sixth Capital Contribution Paid. The occurrence of the Investor Member's sixth Capital Contribution; and
- (B) Other Documentation. The Investor Member shall have received such other documentation as it may reasonably request to verify the accuracy of the representations and warranties and compliance with the covenants, duties and obligations set forth in Article IV and the Post Closing obligation, if any, as set forth in **Exhibit K** attached hereto.

(viii) Investor Member's Special Additional Capital Contributions. If, in any fiscal year of the Company, the Investor Member's Capital Account balance may be reduced to or below zero, the Investor Member may, in its sole and absolute discretion, make a Special Additional Capital Contribution to the Company, in an amount reasonably required to avoid the reduction of the Investor Member's Capital Account balance to or below zero. If the Investor Member makes a Special Additional Capital Contribution to the Company pursuant to this paragraph, the Investor Member shall receive a guaranteed payment pursuant to Section 5.06 for the use of its Special Additional Capital Contribution. Whenever the Investor Member makes a Special Additional Capital Contribution to the Company pursuant to this paragraph, the Managing Member shall have the option, in its sole and absolute discretion, to make Special Additional Capital Contributions to the Company, up to the same amount and on the same terms in the aggregate as the Special Additional Capital Contribution made by the Investor Member at that time.

(e) Adjustment to Capital Contributions of Investor Member. Following determination of Certified Credits, the Accountants shall make a determination as to whether there is a Downward Capital Adjustment. If events subsequent to such determination result in a decrease in the Capital Contributions of the Investor Member due to a Late Delivery Capital Adjustment, then the Accountants shall recalculate the Downward Capital Adjustment to take into account such Late Delivery Capital Adjustment. Following the determination of a Downward Capital Adjustment and/or a Late Delivery Capital Adjustment, the Managing Member or the Company, as appropriate, shall make payments as required under Section 5.01(e)(ii).

(i) The following definitions shall apply for purposes of determining adjustments to Capital Contributions:

- A. "Certified Credit Capital Adjustment" shall equal the product of (A) Certified Credits for the Credit Period (excluding any LIHTC resulting from an increase in qualified basis under Code Section 42(f)(3)), minus \$153,543, times (B) \$0.8800 and (C) times ten (10). The Certified Credit Capital Adjustment may be a positive or negative number.
- B. "Certified Credit Capital Decrease" means a negative Certified Credit Capital Adjustment.
- C. "Certified Credit Capital Increase" means a positive Certified Credit Capital Adjustment.
- D. "Downward Capital Adjustment" shall mean the following: (A) if either there is a Certified Credit Capital Decrease or if the Certified Credit Capital Adjustment is zero, then the Certified Credit Capital Decrease plus the Late Delivery Capital Adjustment; or (B) if there is a Certified Credit Capital Increase, the positive amount, if any, by which the Late Delivery Capital Adjustment exceeds the Certified Credit Capital Increase.
- E. "Late Delivery Capital Adjustment" shall mean for calendar years 2020 and 2021 the amount, if any, by which \$25,591 and \$149,887, respectively, for such calendar year exceeds Actual Credits for each such respective year.
- F. "Early Delivery Capital Adjustment" shall mean the product of (a) \$0.5000 and (b) the amount, if any, by which Actual Credits for calendar year 2020 exceed \$25,591 (but in no event shall the total Early Delivery Capital Adjustment exceed \$10,000); provided, however, that if the Project does not achieve 100% Qualified Occupancy by December 31, 2020 then the Investor Member shall not be obligated to make an Early Delivery Capital Adjustment despite the delivery of Actual Credit as described herein

(ii) If there is a Downward Capital Adjustment, then the Capital Contributions of the Investor Member shall be immediately reduced by the Downward Capital Adjustment. The Downward Capital Adjustment shall first reduce the fourth Capital Contribution (if it has not previously been funded), and then to the extent necessary, the fifth Capital Contribution, and then to the extent necessary, the remaining Capital Contributions. If the Downward Capital Adjustment exceeds the total of all unfunded Capital Contributions (prior to the reduction under this provision), then the Managing Member shall make a payment immediately to the Company equal to the amount of such excess, and the Company shall immediately distribute such amount to the Investor Member as a return of its Capital Contributions. Such payment by the Managing Member shall constitute a non-reimbursable funding by it of Excess Development Costs and shall not give rise to any right as a loan or Capital Contribution or result in any increase in the Capital Account of the Managing Member. In the event that the Managing Member fails to make such payment in full and the Investor Member, in its sole discretion, elects not to exercise its remedies under Sections 5.05 or 6.05, as applicable, any amount not so paid by the Managing Member as required shall be payable out of Net Cash Flow and proceeds of Capital Transactions, as provided under Sections 11.03 and 11.04. Any payment required to be paid to the Investor Member pursuant to the preceding sentence out of Net Cash Flow and the proceeds of Capital Transactions shall be referred to as a "LIHTC Reduction Guaranty Payment". The Early Delivery Capital Adjustment, if applicable, shall be made at the time of the sixth Capital Contribution.

(f) Payment of Investor Member Due Diligence Costs. The Managing Member shall pay the costs and expenses incurred by the Investor Member in connection with the due diligence activities of the Investor Member and the closing of the transactions described herein, including Investor Member's legal fees and expenses, such Investor Member Due Diligence Costs not to exceed \$35,000.

(g) Additional Investor Members. Without the Consent of all of the Members, no additional Persons may be admitted as additional Investor Members and Capital Contributions may be accepted only as and to the extent expressly provided for in this Article V.

(h) Deposit of Capital Contributions. Except as otherwise provided in Section 5.01(d) herein, the cash portion of the Capital Contributions of each Member shall be deposited at the Managing Member's discretion in a checking, savings and/or money market or similar account to be established and maintained in the name of the Company or invested in government securities or certificates of deposit issued by any bank. Thereafter, such amounts shall be utilized for the conduct of the Company business pursuant to the terms of this Agreement.

(i) No Liability for Investor Member or Special Member. Except as may otherwise be provided under applicable law, no Investor Member or Special Member shall be bound by, or personally liable for, the expenses, liabilities or obligations of the Company.

(j) Payment of Environmental Assessment Consultant Fees. The Managing Member acknowledges that, on behalf of the Investor Member, the Investor Member (or its Affiliate) may retain an environmental consultant (the "Environmental Consultant") to review and give recommendations related to environmental reports that are provided to the Investor Member by the Managing Member (including, but not limited to, Phase I and Phase II environmental assessments, wetlands reports, lead and asbestos reports, abatement reports and other environmental reports required by the Environmental Consultant, to the reasonable satisfaction of the Environmental Consultant) for the Land, or the construction and rehabilitation of existing buildings, if the reports indicate the possible presence of hazardous materials on or near the Project or if such reports appear incomplete or inadequate for purposes of making such a determination. The Company shall be solely responsible for the payment of the fees of the Environmental Consultant.

5.02 Return of Capital Contribution. Except as provided in this Agreement, no Member shall be entitled to demand or receive the return of his Capital Contribution.

5.03 Withholding of Capital Contribution Upon Default.

(a) Conditions Giving Rise to Withholding. In the event that (a) the Managing Member, or any successor Managing Member shall not have substantially complied with any material provisions under this Agreement or the operating agreement as to an Affiliated Company, after Notice from the Investor Member of such noncompliance and failure to cure such noncompliance within a period of thirty (30) days from and after the date of such Notice, or (b) any Project Lender shall have declared the Company to be in default under any Project Loan or under any of the mortgage loans as to an Affiliated Company, or (c) foreclosure proceedings shall have been commenced against the Project or against the Project owned by an Affiliated Company, then the Company and the Managing Member shall be in default of this Agreement, and the Investor Member, at its sole election, may cause the withholding of payment of any Capital Contribution otherwise payable to the Company (including while any cure period is in effect).

(b) Release to Company Following Cure. All amounts so withheld by the Investor Member under this Section 5.03 shall be promptly released to the Company only after the Managing Member or the Company has cured the default justifying the withholding, as demonstrated by evidence reasonably acceptable to the Investor Member.

5.04 Legal Opinions. As a condition precedent to the Investor Member's obligation to make its Capital Contributions hereunder, the Investor Member must receive the opinion of Curcio & Curcio, PC, Counsel for the Company and the Managing Member, which opinion shall explicitly state that Applegate & Thorne-Thomsen, P.C. of Chicago, Illinois, counsel to the Investor Member, may explicitly rely upon it, that:

(a) the Company is a duly formed and validly existing limited liability company under the Act, and the Company has full power and authority to own and operate the Project and

to conduct its business hereunder; the Company is duly qualified to transact its business in the Commonwealth of Virginia; the Investor Member has been validly admitted as an Investor Member of the Company entitled to all the benefits of an Investor Member under this Agreement, and the Interest of the Investor Member in the Company is the Interest of an investor member with no personal liability for the obligations of the Company, and the exercise of the rights and remedies of the Investor Member under this Agreement do not constitute participating in the control of the business of the Company;

(b) the Managing Member is duly and validly organized and is validly existing in good standing as a corporation/limited liability company under the laws of the Commonwealth of Virginia, with full power and authority to enter into and perform its obligations hereunder and under the Managing Member Pledge; the Managing Member is duly qualified to transact its business in the Commonwealth of Virginia;

(c) unless otherwise permitted under this Agreement, there is and shall be no direct or indirect personal liability of the Company or of any of the Members or their Affiliates for the repayment of the principal of and payment of interest on any Project Loan, and the sole recourse of the Project Lender, with respect to the principal thereof and interest thereon, shall be to the assets of the Company securing such indebtedness;

(d) execution of this Agreement and the Managing Member Pledge by the Managing Member has been duly and validly authorized by or on behalf of such Managing Member and, having been executed and delivered in accordance with its terms, this Agreement and the Managing Member Pledge constitute the valid and binding agreement of the Managing Member, enforceable in accordance with their respective terms, and execution hereof and thereof by the Managing Member is not in violation of any contract, agreement, charter, bylaw, resolution, judgment, order, decree, law or regulation to which the Managing Member is bound or as to which it is subject;

(e) the Company owns fee simple title to the Project, subject only to the Project Loans, the Mortgages, and such other liens, charges, easements, restrictions and encumbrances as are set forth in the title insurance policy issued to the Company. Such opinion may be based on a review of the title insurance policy issued in accordance with Section 4.01 herein, provided Counsel has no actual knowledge to the contrary;

(f) to the best of its knowledge after due inquiry, there are no defaults existing with respect to any of the Project Documents;

(g) to the best of its knowledge after due inquiry, no event of Bankruptcy has occurred with respect to the Company or the Managing Member; and

(h) the Affiliate Guaranty has been duly executed by the Affiliate Guarantor and constitutes the valid and binding obligation of the Affiliate Guarantor, enforceable in accordance with its terms; and

(i) the Company has received a carryover allocation of LIHTC for the Projected Credits from the Agency, which is the appropriate state of local authority for the jurisdiction in which the Project is located.

In addition, the Investor Member shall have received from counsel to Investor Member an overall tax opinion, addressing all material tax issues and indicating that the financial projections and tax credit calculation contained in the Development Budget appear reasonable and complete.

5.05 Repurchase Obligation.

(a) Conditions for Repurchase. If (i) Final Closing has not occurred by June 30, 2021 (or such later date as may be Consented to by the Investor Member); (ii) all buildings in the Project are not placed in service by December 31, 2020 or the Company has not received State Designation for the LIHTC's or the IRS Form(s) 8609 is not issued by the Agency, so as to allow the Credit Period for 2 buildings to commence in 2020 and the remaining building in 2021; (iii) the Company fails to meet the Minimum Set-Aside Test and the Rent Restriction Test by the close of the first year of the Credit Period or at any time thereafter; (iv) the Company's basis in the Project for federal income tax purposes, as finally determined by the Accountants or pursuant to an audit by the IRS, as of no later than December 31, 2019, shall have been less than ten percent (10%) of the Company's reasonably expected basis in the Project, as required pursuant to Section 42(h)(1)(E) of the Code; (v) an Extended Use Agreement is not in effect before the end of the first year of the Credit Period; (vi) the Project has not generated at least 95% of the Projected LIHTC for the year 2020, then the Managing Member shall, within fifteen (15) days of the occurrence thereof, send to the Investor Member Notice of such event and of its obligation to purchase the Interest of the Investor Member hereunder and return to the Investor Member its Capital Contributions in the event the Investor Member, in its sole discretion, requires in a Notice to the Managing Member such purchase of the Interest of the Investor Member. Thereafter, the Managing Member, within thirty (30) days of the mailing date of Notice by the Investor Member of such election, shall acquire the entire Interest of the Investor Member in the Company by making payment to the Investor Member, in cash, of an amount equal to the sum of its Capital Contributions, plus interest on such amount at the rate of fourteen percent (14%) per annum, but in no event higher than the highest rate permitted by applicable law.

(b) Upon receipt by the Investor Member of any such payment of its Capital Contributions, the Interest of the Investor Member and all further obligations of the Investor Member hereunder shall terminate, and, to the extent that the Investor Member has acted in accordance with the terms of this Agreement, the Managing Member shall indemnify and hold harmless the Investor Member from any losses, damages, and/or liabilities, to or as a result of claims of Persons other than Members or Affiliates thereof, to which the Investor Member (as a result of its respective participation hereunder) may be subject.

5.06 Guaranteed Payments. No later than ninety (90) days after the end of the Company's fiscal year, any Member who has made a Special Additional Capital Contribution pursuant to Section 5.01(d)(viii) shall receive, as a guaranteed payment for the use of its capital, an amount equal to the annual interest earned by the Company, if any, on such Special Additional Capital Contributions. The Company shall invest any amounts contributed as a Special Additional Capital Contribution as reasonably directed by the contributing Member. Any guaranteed payment due to a Member shall be deemed an expense of the Company for purposes of determining Net Cash Flow. Any guaranteed payment which is not paid when due shall remain a liability of the Company and shall bear interest as set forth above.

5.07 MM Loans.

(a) MM Loans. The Managing Member shall have the right, but not the obligation, after funding all other obligations under this Agreement, including, without limitation, its obligation to fund Excess Development Costs under its Construction Completion Guaranty under Section 8.11(a) or Operating Deficit under its Operating Deficit Guaranty under Section 8.11(b) hereof, to make "MM Loans" pursuant to this Section 5.07(a) to fund Operating Deficits of the Company or to fund other reasonable and necessary obligations of the Company, provided, however, that the Managing Member shall not enter into any such MM Loan with the Company if such MM Loan would cause a reallocation of LIHTC or tax benefits among the Members. MM Loans shall be on the following terms: (i) interest shall accrue on the MM Loans at an annual interest rate of eight percent (8%), compounded annually; and (ii) MM Loans shall be repayable solely as set forth in Sections 11.03 and 11.04 of this Agreement.

(b) Documentation of MM Loans. At the request of a Member, which request may be made quarterly, any MM Loan shall be evidenced by a non-negotiable promissory note or notes reflecting any such MM Loans made during the preceding calendar quarter. MM Loans shall be unsecured loans. MM Loans shall not be considered Capital Contributions and shall not increase such Member's Capital Account.

(c) Usury Savings Clause. Notwithstanding anything to the contrary herein or in any note evidencing a MM Loan, in no event shall interest accrue on any MM Loan at a rate in excess of the highest rate permitted by applicable law, and if such designated interest rate should be in excess of such interest rate, the interest rate designated hereunder shall be reduced to the maximum rate of interest permitted by such law.

ARTICLE VI
CHANGES IN MANAGING MEMBERS

6.01 Withdrawal of the Managing Member.

(a) The Managing Member may withdraw from the Company or sell, transfer or assign its Interest as Managing Member only with the prior Consent of the Investor Member,

and of the Agency and the Project Lenders, if required, and only after being given written approval by the necessary parties as provided in Section 6.02, and by the Agency and the Project Lenders, if required, of the Managing Member(s) to be substituted for it or to receive all or part of its Interest as Managing Member.

(b) In the event that a Managing Member withdraws from the Company or sells, transfers or assigns its entire Interest pursuant to Section 6.01(a), it shall be and shall remain liable for all obligations and liabilities incurred by it as Managing Member before such withdrawal, sale, transfer or assignment shall have become effective, but shall be free of any obligation or liability incurred on account of the activities of the Company from and after the time such withdrawal, sale, transfer or assignment shall have become effective.

6.02 Admission of a Successor or Additional Managing Member. A Person shall be admitted as a Managing Member of the Company only if the following terms and conditions are satisfied:

(a) the admission of such Person shall have been Consented to by the Managing Member and the Investor Member, and consented to by the Agency and the Project Lenders, if required;

(b) the successor or additional Person shall have accepted and agreed to be bound by (i) all the terms and provisions of this Agreement by executing a counterpart thereof, (ii) all the terms and provisions of the Loan Agreement and the Project Documents by executing counterparts thereof or an assumption agreement, if requested by the Project Lenders, and (iii) all the terms and provisions of such other documents or instruments as may be required or appropriate in order to effect the admission of such Person as a Managing Member, and a certificate of amendment to the Certificate evidencing the admission of such Person as a Managing Member shall have been filed, and all other actions required by Section 1.07 in connection with such admission shall have been performed;

(c) if the successor or additional Person is a corporation, it shall have provided the Company with evidence satisfactory to counsel for the Company of its authority to become a Managing Member, to do business in the Commonwealth of Virginia and to be bound by the terms and provisions of this Agreement; and

(d) Counsel for the Company shall have rendered an opinion that the admission of the successor or additional Person is in conformity with the Act and that none of the actions taken in connection with the admission of the successor Person will cause the termination or dissolution of the Company or will cause it to be classified other than as a partnership for federal income tax purposes.

(e) Notwithstanding anything to the contrary contained in this Agreement, the Members hereby acknowledge and consent to (A) the granting of a security interest in the Company's rights, title and interest in and to the obligations of the Investor Member to make

Capital Contributions to the Company pursuant to and in accordance with this Agreement (the “**CC Collateral**”), to and/or in favor of Atlantic Union Bank (“**AUB**”) to secure the obligations of the Company to AUB under the loan documents evidencing, securing and otherwise governing the Construction Loan (collectively, as amended from time to time, the “**Construction Loan Documents**”), (B) the filing of financing statements by or on behalf of AUB, the execution and delivery of one or more pledge and/or security agreements in favor of AUB, and the taking of any and all such other actions as may be required by AUB to perfect its security interest in the CC Collateral, and (C) the exercise by AUB of all of its rights and remedies relating to its perfected security interest in the CC Collateral, whether under the Construction Loan Documents or at law or in equity. The Members hereby further acknowledge and agree that the consummation of the transactions described above in this section shall not constitute a breach or default by any Member under this Agreement and/or the Loan Documents and shall not result in the acceleration or enforcement of any rights the Members may otherwise have in connection therewith.

Notwithstanding the foregoing, the Members hereby consent to (A) the pledge of, and the granting of a security interest in, the Managing Member’s Interest and all of the other interests of the Managing Member in the Company (collectively, the “**MM Pledged Collateral**”), to and/or in favor of AUB in connection with the Construction Loan (the “**MM Pledge**”) to secure the obligations of the Company to AUB under the Construction Loan Documents, and (B) the exercise by the MM Pledgee of all of its rights and remedies relating to such pledge and security interest, whether under the Construction Loan Documents or at law or in equity (subject to the provisions of the last sentence of this subsection (e)). The Investor Member agrees that such pledge of the MM Pledged Collateral will be senior to the pledge to the Investor Member under the Managing Member Pledge. Upon the occurrence of an event of default under the Construction Loan Documents (and the expiration of any applicable notice and cure period), and upon any exercise by the MM Pledgee of its rights and remedies as a pledgee and secured creditor resulting in a transfer of title to all or any portion of the MM Pledged Collateral to the MM Pledgee, the MM Pledgee’s nominee and/or any Person to whom the MM Pledgee may transfer such MM Pledged Collateral in a secured creditor’s sale (each such Person being referred to herein as a “**Subsequent Transferee**”), the admission of such Subsequent Transferee as a substitute Managing Member shall require the Consent of the Investor Member; provided, that Investor Member agrees that such Consent shall not be unreasonably withheld conditioned or delayed, and will be based on the Investor Member’s determination (which may be based on advice of its counsel) that (i) the admission of such Subsequent Transferee will not cause any adverse tax consequences to the Investor Member or the Company, (ii) the Subsequent Transferee has obtained the required consent (if any) of the Agency and any Project Lender for such admission, (iii) the Subsequent Transferee has the experience, current competence and financial resources (including the ability to have an affiliate provide a guaranty of its obligations hereunder), in the reasonable determination of the Investor Member, to construct and operate the Project and maintain the Tax Credits, and (iv) the conditions set forth in subsections (b)-(d) above have been met. Notwithstanding anything to the contrary contained in this Agreement, the Members agree and covenant that (x) all Members’ Interests in the Company, whether now or hereafter issued and outstanding, shall be uncertificated and no election has or will be made to have the Interests governed by Article 8 of the Uniform Commercial Code adopted by the Commonwealth of Virginia without the prior written consent of

AUB, and (y) the provisions set forth in this Section 6.02(e) may not be amended or restated without the prior written consent of AUB, and any attempt to do so in violation of the foregoing shall be null and void.

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

(a) In the event of the Bankruptcy of a Managing Member or the withdrawal, death or dissolution of a Managing Member, or an adjudication that a Managing Member is incompetent (which term shall include, but not be limited to, insanity) the business of the Company shall be continued by the other Managing Member(s); provided, however, that if the withdrawn, Bankrupt, deceased, dissolved or incompetent Managing Member is then the sole Managing Member, or if such Managing Member withdraws from the Company in contravention of the provisions of Section 6.01(a) of this Agreement, then the Company shall be terminated, unless within ninety (90) days after receiving Notice of such Bankruptcy, withdrawal, death, dissolution or adjudication of incompetence or breach of Section 6.01(a), the Investor Member elects to designate the Special Member or such other entity as the Investor Member may desire as a successor Managing Member and continue the Company upon the conversion of such Special Member to the Managing Member of the Company. Consequences of the removal of the Managing Member shall be determined under Section 6.05 hereof.

(b) Upon the Bankruptcy, death, dissolution or adjudication of incompetence of a Managing Member or breach of Section 6.01(a), such Managing Member shall immediately cease to be a Managing Member and its Interest shall without further action be converted to an Investor Member Interest; provided, however, that, if such Bankrupt, dissolved, incompetent, deceased or defaulted Managing Member is the sole remaining Managing Member, such Managing Member shall cease to be a Managing Member only upon the expiration of ninety (90) days after Notice to the Investor Member of the Bankruptcy, death, dissolution, declaration of incompetence or default of such Managing Member; and provided further that, if such Bankrupt, dissolved, incompetent, deceased or defaulted Managing Member is the sole remaining Managing Member, the converted Company Interest of such replaced Managing Member shall be ratably reduced to the extent necessary to insure that the substitute Managing Member(s) holds a .009% Percentage Interest (as set forth in Section 5.01).

(c) Except as set forth above, such conversion of a Managing Member Interest to an Investor Member Interest shall not affect any rights, obligations or liabilities (including without limitation, any of the Managing Member's obligations under Section 8.11 herein) of the Bankrupt, deceased, dissolved, removed, incompetent or defaulted Managing Member existing prior to the Bankruptcy, death, dissolution, removal, incompetence or default of such person as a Managing Member (whether or not such rights, obligations or liabilities were known or had matured).

(d) If, at the time of the withdrawal, Bankruptcy, death, dissolution, adjudication of incompetence or default under Section 6.01(a) of a Managing Member, the Bankrupt, withdrawn, deceased, dissolved, incompetent or defaulted Managing Member was not the sole Managing Member of the Company, the remaining Managing Member or Managing Members shall immediately (i) give Notice to the Investor Members of such Bankruptcy, death, dissolution, adjudication of incompetence or default, and (ii) make such amendments to this Agreement and execute and file such amendments or documents or other instruments as are necessary to reflect the conversion of the Interest of the Bankrupt, deceased, dissolved, incompetent or defaulted Managing Member and his having ceased to be a Managing Member. The remaining Managing Member or Managing Members are hereby granted an irrevocable power of attorney, coupled with an interest, to execute any or all documents on behalf of the Members and the Company and to file such documents as may be required to effectuate the provisions of this Section 6.03.

6.04 Restrictions on Transfer of Managing Member's Interests. This is an agreement under which applicable law excuses the Investor Member from accepting performance from (i) any Managing Member which is a debtor in a case under the Bankruptcy Code, 11 U.S.C. § 101 et seq., (ii) a trustee of any such debtor, (iii) and/or the assignee of any such debtor or trustee. The Investor Member has entered into this Agreement with the Managing Member in reliance upon the unique knowledge, experience and expertise of the Managing Member, and its officers in the planning and implementation of the acquisition of the Project and in the area of affordable housing and development in general. The foregoing restriction on transfer is based in part on the above factors. The Managing Member expressly agrees that the Investor Member shall not be required to accept performance under this Agreement from any person other than the Managing Member, including, without limitation, any trustee of the Managing Member appointed under the Bankruptcy Code, 11 U.S.C. § 101 et seq., and any assignee of any such trustee.

6.05 Removal of the Managing Member.

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

(i) for (A) any fraud, gross negligence, intentional misconduct, or breach of fiduciary duty, or (B) failure to exercise reasonable care with respect to any material matter in the discharge of its duties and obligations as Managing Member (provided that such violation results in, or is likely to result in, a material detriment to or an impairment of the Project or assets of the Company), or

(ii) upon the occurrence of any of the following:

(A) the Managing Member or the Company shall have violated any material provisions of the Regulatory Agreement, the Extended Use Agreement and/or the Loan Agreement, or any material provisions of any other Project Document or other document required in connection with any

Project Loan or any material provisions of a Project Lender and/or Agency requirements applicable to the Project, which violation has not been explicitly waived in writing by the applicable Project Lender or the Agency, as applicable;

(B) the Managing Member or the Company shall have (i) violated any material provision of this Agreement, including, without limitation, any of its guarantees or payment obligations under Sections 5.01(e), 5.05 and/or 8.11, (ii) violated any material provision of applicable law, or (iii) the representation and warranty contained in Section 4.01(u) are and/or becomes false or inaccurate;

(C) the Managing Member or the Company shall have caused any Project Loan to go into default, which default remains uncured after the expiration of any applicable cure period;

(D) the Managing Member shall have conducted its own affairs or the affairs of the Company in such manner as would:

(1) cause the termination of the Company for federal income tax purposes;

(2) cause the Company to be treated for federal income tax purposes as an association, taxable as a corporation;

(3) in the reasonable opinion of the Investor Member, cause a recapture or reduction in Certified Credits;

(4) violate any federal or state securities laws;

(5) cause the Investor Member to be liable for Company obligations in excess of its Capital Contributions; or

(E) the amount of Actual Credits for any year are, or are projected by the Accountants to be, less than ninety percent (90%) of the Projected Credits for that year; or less than ninety percent (90%) of Certified Credits if Certified Credits have been determined and adjustments to the capital contribution of the Investor Member have been made as may be required under Section 5.01(e);

(F) cause for removal as a managing member of an Affiliated Company shall exist pursuant to the operating agreement of an Affiliated Company;

(G) the Managing Member fails to timely and promptly discharge the Management Agent if at any time cause for such removal exists;

(H) Bankruptcy or similar creditor's action is filed by or against the Company, the Managing Member or any Affiliate Guarantor; or

(I) any default by the Affiliate Guarantor under the Affiliate Guaranty;

(J) failure of the Affiliate Guarantor to maintain a minimum net worth of \$300,000;

(K) failure of the Company to achieve Breakeven Operations within six months of the Company's achievement of 95% occupancy; or

(L) any act or omission by the Managing Member that would substantially reduce tax benefits, or substantially increase tax liabilities, of the Investor Member.

(b) Procedure for Removal. The Investor Member shall give Notice to all Members and to the Project Lenders of its determination that the Managing Member shall be removed. The Managing Member shall have ten (10) days after receipt of such Notice to cure any default or other reason for such removal, in which event it shall remain as Managing Member. If, at the end of ten (10) days, the Managing Member has not cured any default or other reason for such removal, it shall cease to be Managing Member and the powers and authorities conferred on it as Managing Member under this Agreement shall cease and the Interests of such Managing Member shall be transferred to the Special Member or its designee which, without further action, shall become the Managing Member; in such event, upon becoming the Managing Member, such designee shall be bound by all applicable terms and conditions of this Agreement and of the Project Documents.

(c) Managing Member Obligations and Liability Following Removal.

(i) In the event that the Managing Member is removed as aforesaid prior to the Final Closing, it shall be and shall remain liable for all obligations and liabilities incurred by it as Managing Member of the Company before such removal shall become effective, including but not limited to the obligations and liabilities of the Managing Member with respect to its obligations set forth in Section 8.11 of this Agreement; provided however, that if amounts otherwise payable to the Managing Member as fees are applied to meet the obligations of the Managing Member as stated in Sections 5.01, 5.05 and 8.11 of this Agreement, such application shall serve to reduce any such liabilities of the Managing Member or any successor, except for any liability incurred as the result of its negligence, misconduct, fraud or breach of its fiduciary duties as Managing Member of the Company. If the Managing Member is removed as Member of the

Company prior to the Final Closing as aforesaid, the Managing Member shall not be entitled to payment of the Incentive Management Fee or other fees which otherwise would have been due and payable under or pursuant to various Sections of this Article VI or Article VII.

(ii) In the event that the Managing Member is removed as aforesaid after the Final Closing, it shall be and shall remain liable for all obligations and liabilities incurred by it as Managing Member of the Company before such removal shall become effective, including but not limited to the Managing Member's obligations and liabilities under Section 8.11(b) of this Agreement; provided, however, that if amounts otherwise payable to the Managing Member or Affiliates thereof as fees are applied by the Company to pay Operating Deficits, such application shall serve to reduce any such liabilities after the Final Closing, except for any liability incurred as the result of its negligence, misconduct, fraud or breach of its fiduciary duty as Managing Member of the Company. If the Managing Member is removed as Member of the Company at any time after the Final Closing, the Developer or its successor(s) shall continue to be paid subsequent to such removal, in accordance with the terms and conditions of this Agreement, any installments of the Development Fee which would have otherwise been due and payable to it pursuant to Section 8.12 and which are not otherwise being withheld; provided, however, upon any such removal of the Managing Member after the Final Closing, no further installments of the Incentive Management Fee shall be paid which are attributable to any period after such removal.

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

ARTICLE VII ASSIGNMENT TO THE COMPANY

The Managing Member hereby transfers and assigns to the Company all of its right, title and interest in and to the Project, including the following:

- (a) all contracts with architects, contractors and supervising architects with respect to the development of the Project;
- (b) all plans, specifications and working drawings, heretofore prepared or obtained in connection with the Project and all governmental approvals obtained, including planning, zoning and building permits;
- (c) any and all commitments with respect to the Project Loans and the LIHTC;

- (d) any and all rights under and pursuant to the Project Documents; and
- (c) any other work product related to the Project.

ARTICLE VIII
RIGHTS, OBLIGATIONS AND POWERS
OF THE MANAGING MEMBER

8.01 Management of the Company.

(a) Except as otherwise set forth in this Agreement, the Managing Member, within the authority granted to it under this Agreement, shall have full, complete and exclusive discretion to manage and control the business of the Company for the purposes stated in Article III, shall make all decisions affecting the business of the Company and shall manage and control the affairs of the Company to the best of its ability and use its best efforts to carry out the purpose of the Company. In so doing, the Managing Member shall take all actions necessary or appropriate to protect the interests of the Investor Member, Special Member and of the Company. The Managing Member shall devote such time as is necessary to the affairs of the Company.

(b) Except as otherwise set forth in this Agreement and subject to the applicable Project Lender and/or Agency rules and regulations and the provisions of the Loan Agreement, the Managing Member (acting for and on behalf of the Company), in extension and not in limitation of the rights and powers given by law or by the other provisions of this Agreement, shall, in its sole discretion, have the full and entire right, power and authority in the management of the Company business to do any and all acts and things necessary, proper, convenient or advisable to effectuate the purpose of the Company. In furtherance and not in limitation of the foregoing provisions, the Managing Member is specifically authorized and empowered to execute and deliver, on behalf of the Company, the Loan Agreements, the Regulatory Agreement, the Extended Use Agreement, the Notes, the Mortgages, and the other Project Documents, and to execute any and all other instruments and documents, and amendments thereto provided the Investor Member shall be provided with the opportunity to review and Consent to any such documents prior to their execution by the Managing Member, as shall be required in connection with the Project Loans, including, but not limited to, executing any mortgage, note, contract, building loan agreement, bank resolution and signature card, release, discharge, or any other document or instrument in any way related thereto or necessary or appropriate in connection therewith; provided, however, that copies of all applications for advances of proceeds of the Project Loans shall be provided to the Investor Member prior to the disbursement of any funds pursuant thereto and shall be subject to the Consent of the Investor Member; and provided further that any such applications which provide for the disbursement of funds of the Company in lieu of or in addition to the proceeds of the Project Loans shall be subject to the Consent of the Investor Member. All decisions made for and on behalf of the Company by the Managing Member shall be binding upon the Company. No person dealing with the Managing Member shall be required

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

8.02 Limitations Upon the Authority of the Managing Member.

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

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

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

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

(iv) knowingly rent apartments in the Project such that the Project would not meet the requirements of the Rent Restriction Test or Minimum Set-Aside Test;

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

(vi) execute or deliver any general assignment for the benefit of creditors or file a petition or acquiesce in the filing of a petition for Bankruptcy.

(b) The Managing Member shall not, without the Consent of the Investor Member which Consent shall not be unreasonably withheld, with the parties hereto agreeing and acknowledging that withholding such Consent would be reasonable if the action would likely be inconsistent with preserving the Project as a low-income housing project), have any authority to:

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

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

(iii) borrow in excess of \$10,000.00 in the aggregate at any one time outstanding on the general credit of the Company, except MM Loans and Operating Deficit Loans, and except as and to the extent provided for in an approved budget pursuant to Section 8.20;

(iv) following Final Closing, construct any new or replacement capital improvements on the Project which substantially alter the Project or its use or which are at a cost in excess of \$10,000.00 in a single Company fiscal year, or rebuild the Project with the use of

insurance proceeds, except (a) replacements and remodeling in the ordinary course of business or under emergency conditions, or (b) reconstruction paid for from insurance proceeds, or (c) as and to the extent provided for in an approved budget pursuant to Section 13.03;

(v) acquire any real property in addition to the Project other than easements reasonable and necessary for the operation of the Project;

(vi) following Final Closing, refinance any Project Loan;

(vii) confess a judgment against the Company in excess of \$5,000;

(viii) admit any person as a Managing Member or an Investor Member, or withdraw as Managing Member, except as otherwise set forth in this Agreement;

(ix) do any act in contravention of this Agreement or any other agreement to which Company is a party;

(x) execute or deliver any assignment for the benefit of the creditors of the Company;

(xi) transfer or hypothecate the Managing Member's interest as a Managing Member in the Company, including its interest in Company allocations or distributions, except as otherwise provided in this Agreement;

(xii) dissolve the Company or take any action which would result in dissolution;

(xiii) refinance, prepay or materially modify the terms of any mortgage or long-term liability of the Company, or sell, grant an option to acquire, exchange, mortgage, encumber, pledge or otherwise transfer all or any portion of any interest in the Company or the Company's interest in the Project, or borrow funds or participate in a merger or consolidation with any other entity;

(xiv) change the nature of the business of the Company, or do any act which would make it impossible to carry on the ordinary business of the Company;

(xv) materially change any accounting method or practice of the Company;

(xvi) file a voluntary petition for bankruptcy of the Company;

(xvii) make any expenditure or incur any liability on behalf of the Company in excess of \$10,000.00 which is not identified in the budget provided by the Managing Member to the Investor Member;

(xviii) borrow funds from the Company;

(xix) enter into or materially modify the Construction Contract (or any other construction contract), or agree to any change order under the Construction Contract (or any other construction contract) if any such change order is for \$10,000 or more, or is proposed when the amount of previous change orders plus the proposed change order would exceed \$20,000 (over the life of the Company);

(xx) commingle Company funds or assets with the funds or assets of the Managing Member or any Company or other entity owned or operated by the Managing Member to the Investor Member;

(xxi) possess Company property or assign rights in specific property for other than a business purpose of the Company;

(xxii) take any action which would cause the termination of the Company for federal income tax purposes under Code Section 708;

(xxiii) make, amend or revoke any tax election required of or permitted to be made by the Company under the Code or Regulations, including, without limitation, any election under Section 42 (including an election to treat any year other than 2020 as the first year of the Credit Period for 2 buildings and 2021 for the remaining building for any other tax election affecting the amount, timing, availability or allocation of any LIHTC;

(xxiv) enter into any agreement or take any action without the prior Consent of the Investor Member with respect to any matters for which the prior Consent of the Investor Member is a prerequisite therefore;

(xxv) approve any increase in fees to the Managing Member or any affiliate of the Managing Member;

(xxvi) change in ownership, control or management of the Managing Member;

(xxvii) allow this Agreement to be amended;

(xxviii) invest assets of the Company in (A) investments specifically not contemplated by this Agreement, or (B) in investments other than U.S. Treasury Bills, Notes or Bonds, or bank accounts, money market accounts or certificates of deposit in institutions insured by the Federal Deposit Insurance Corporation. However, investment of such assets may be expanded upon approval by the Investor Member.

8.03 Sale of Project.

(a) Investor Member Request for Sale. Notwithstanding the foregoing Section 8.02, and subject to all Agency regulations then in effect and the receipt of all required approvals and consents of the Project Lenders, and subject further to the extended use requirements applicable pursuant to Section 42(h)(6) of the Code, at any time after the fourteenth (14th) anniversary of the first day of the first taxable year of the applicable LIHTC compliance period the Investor Member may request that the Company do one of the following: (i) sell the Project subject to the Extended Use Agreement (a "Continued Compliance Sale"); or (ii) request that the Agency arrange for the sale of the Project after receipt of a Qualified Contract (a "Compliance Termination Sale").

(b) Continued Compliance Sale. After receipt of a request for a Continued Compliance Sale, the Managing Member shall use its best efforts to find a third party purchaser for the Project and to cause the Company to consummate a sale of the Project subject to the Extended Use Agreement and on terms Consented to by the Investor Member. If such efforts are not successful on terms reasonably satisfactory to the Investor Member within four (4) months, the Investor Member shall have the right thereafter to locate a purchaser for the Project. If the Investor Member locates such a purchaser, the Managing Member shall be given a right of first refusal to purchase the Project on the same terms and conditions as would be applicable to such purchaser. If such right of first refusal is not exercised by the Managing Member within thirty (30) days, then the Managing Member shall be obligated to consent to the sale to such purchaser so long as the purchase price and other terms offered by such purchaser are at least as favorable to the Company as the best offer, if any, located by the Managing Member. If the Investor Member requests that the Compliance Termination Sale be conducted in a manner that would result in the conversion of the Project to a condominium regime of ownership and the sale of individual condominium units, the Managing Member shall use diligent efforts to accomplish such conversion on such terms which are reasonably satisfactory to the Investor Member.

(c) Compliance Termination Sale. After receipt of a request for a Compliance Termination Sale, the Managing Member shall make a request to the Agency to obtain a buyer who is willing to operate the low-income units of the Project as a qualified low-income building and who will submit a Qualified Contract for the Project, and if no Qualified Contract is submitted within one year of the date of the Managing Member's request to the Agency, the Managing Member shall use its best efforts to find a third party purchaser and to cause the Company to consummate a sale of the Project to such purchaser on terms Consented to by the Investor Member and free of the restrictions imposed by the Extended Use Agreement. If such efforts are not successful on terms reasonably satisfactory to the Investor Member within six (6) months, the Investor Member shall have the right thereafter to locate a purchaser for the Project. If the Investor Member locates such a purchaser, the Managing Member shall be given a right of first refusal to purchase the Project on the same terms and conditions as would be applicable to such purchaser. If such right of first refusal is not exercised by the Managing Member within thirty (30) days, then the Managing Member shall be obligated to consent to the sale to such purchaser so long as the purchase price and other terms offered by such purchaser are at least as favorable to the Company as the best offer, if any, located by the Managing Member. If the Investor Member requests that

the Compliance Termination Sale be conducted in a manner that would result in the conversion of the Project to a condominium regime of ownership and the sale of individual condominium units, the Managing Member shall use diligent efforts to accomplish such conversion on such terms which are reasonably satisfactory to the Investor Member.

(d) Managing Member Option. The Managing Member or its designee if it is a qualified non-profit under the terms of Section 42(i)(7) of the Code, shall have the right of first refusal to purchase the Project at the end of the low-income housing tax credit compliance period, in accordance with said Section 42(i) (7) of the Code, for an amount equal to at least the sum of (i) \$1.00, plus (ii) all outstanding debt of the Company, including debt encumbering the Project, plus (iii) the aggregate federal, state and local (if any) income tax liabilities which would be incurred by the Members of the Investor Member as a consequence of such purchase, on the terms set forth in Exhibit L attached hereto.

8.04 Management Purposes. In conducting the business of the Company, the Managing Member shall be bound by the Company's purposes set forth in Article III.

8.05 Delegation of Authority. The Managing Member may delegate all or any of its powers, rights and obligations hereunder, and may appoint, employ, contract or otherwise deal with any Person for the transaction of the business of the Company, which Person may, under supervision of the Managing Member, perform any acts or services for the Company as the Managing Member may approve.

8.06 Managing Member or Affiliates Dealing with Company. The Managing Member or any Affiliates thereof shall have the right to contract or otherwise deal with the Company for the sale of goods or services to the Company in addition to those set forth herein, if (a) compensation paid or promised for such goods or services is reasonable (i.e., at fair market value) and is paid only for goods or services actually furnished to the Company, (b) the goods or services to be furnished shall be reasonable for and necessary to the Company, (c) the fees, terms and conditions of such transaction are at least as favorable to the Company as would be obtainable in an arm's-length transaction, (d) no agent, attorney, accountant or other independent consultant or contractor who also is employed on a full-time basis by the Managing Member or any Affiliate shall be compensated by the Company for his services. Any contract covering such transactions shall be in writing and shall be terminable without penalty on sixty (60) days' Notice. Any payment made to the Managing Member or any Affiliate for such goods or services shall be fully disclosed to all Investor Members in the reports required under Section 13.02. Neither the Managing Member nor any Affiliate shall, by the making of lump sum payments to any other Person for disbursement by such other Person, circumvent the provisions of this Section 8.06.

8.07 Other Activities. Except as limited in Section 8.06, Affiliates of the Managing Member may engage in or possess interests in other business ventures of every kind and description for their own account, including, without limitation, serving as general partner of other limited partnerships or the managing member of other limited liability companies which own, either directly or through interests in other companies or partnerships, government assisted housing

developments similar to the Project. Neither the Company nor any of the Members shall have any rights by virtue of this Agreement in or to such other business ventures or to the income or profits derived therefrom.

8.08 Liability for Acts and Omissions. No Managing Member or Affiliate thereof shall be liable, responsible or accountable in damages or otherwise to any of the Members for any act or omission performed or omitted by it in good faith on behalf of the Company and in a manner reasonably believed by it to be within the scope of the authority granted to it by this Agreement and in the best interest of the Company, provided that the protection afforded the Managing Member pursuant to this Section 8.08 shall not apply in the case of negligence, misconduct, fraud or any breach of fiduciary duty as Managing Member with respect to such acts or omissions. Any loss or damage incurred by any Managing Member or Affiliate thereof by reason of any act or omission performed or omitted by it or any of them in good faith on behalf of the Company and in a manner reasonably believed by it to be within the scope of the authority granted by this Agreement and in the best interests of the Company (but not, in any event, any loss or damage incurred by the Managing Member or Affiliate thereof by reason of negligence, misconduct or fraud of the Managing Member or Affiliate thereof, or any breach of fiduciary duty as Managing Member, with respect to such acts or omissions) shall be paid from Company assets (except for reserves) to the extent available (but the Investor Members shall not have any personal liability to the Managing Member or Affiliate(s) thereof under any circumstances on account of any such loss or damage incurred by the Managing Member or Affiliate(s) thereof or on account of the payment thereof).

8.09 Indemnification of Investor Member and the Company. The Managing Member and the Company shall, jointly and severally, indemnify, defend, and save harmless the Investor Member and Special Member from and against any claim, loss, expense, action or damage, including without limitation, reasonable costs and expenses of litigation and appeal (and the reasonable fees and expenses of counsel) asserted against the Investor Member or Special Member based on any act, omission, malfeasance or nonfeasance of the Company or the Managing Member, including without limitation any claim that the Investor Member or Special Member is liable for any indebtedness of the Company and excluding only liability directly caused by the Investor Member or Special Member's gross negligence or bad faith conduct. In addition, the Managing Member and the Company shall, jointly and severally, indemnify, defend, save and hold harmless the Investor Member and Special Member, and their representatives, from and against any and all costs, losses, liabilities, damages, lawsuits, proceedings (whether formal or informal), investigations, judgments, orders, settlements, recoveries, obligations, deficiencies, claims and expenses (whether or not arising out of third party claims), including, without limitation, interest, penalties, attorneys' fees and all amounts paid in investigation, or settlement of any of the foregoing, incurred in connection with or arising out of or resulting from the operations of the Managing Member, the Company or the Project prior to the date of this Agreement.

8.10 Net Worth of Managing Member. The Managing Member shall maintain a minimum net worth in an amount as may be necessary to assure that the Company will be taxed as a partnership, and not as an association taxable as a corporation, for federal income tax purposes.

8.11 Construction of the Project, Construction Cost Overruns, Operating Deficits; Other Managing Member Guarantees.

(a) Construction Completion Guaranty.

(i) The Company has entered into the Construction Contract. The Managing Member shall be responsible for:

(A) achieving completion of construction of the Project on a timely basis in accordance with the Plans and Specifications for the Project, the terms of this Agreement, the Project Documents and all legal requirements;

(B) meeting all requirements for obtaining all necessary unconditional certificate(s) of occupancy for all the apartment units in the Project;

(C) fulfilling all actions required of the Company to assure that the Project satisfies the Minimum Set-Aside Test and the Rent Restriction Test;

(D) causing the making of the Project Loans by the respective Project Lenders; and

(E) achieving Final Closing.

(ii) The Managing Member hereby is obligated to pay all Excess Development Costs; the Company shall have no obligation to pay any Excess Development Costs. Any amounts paid by the Managing Member pursuant to this subsection (a) shall be in the form of a loan to the Company (a "Completion Loan"). Any Completion Loan will be in the following terms: (A) it shall be unsecured; (B) it shall not bear interest; (C) it shall be repayable solely from Net Cash Flow and proceeds of a Capital Transaction at the time and in the amounts set forth in Sections 11.03(b), 11.04 and 12.02(a) of this Agreement; and (D) a Completion Loan shall be fully subordinated to payment of Project Loans, MM Loans, and indebtedness of the Company to all Persons other than Members.

(iii) In the event that the Managing Member shall fail to pay any such Excess Development Costs as required in this Section 8.11(a), an amount not in excess of the total of any remaining unpaid installments of the Development Fee due pursuant to Section 8.12 shall be suspended by the Company until such obligations are met by the Managing Member.

(b) Operating Deficit Guaranty. In the event that, at any time during the period commencing on achievement of Breakeven Operations and ending on the fifteenth

anniversary of such date, an Operating Deficit shall exist, the Managing Member shall provide such funds to the Company as shall be necessary to pay such Operating Deficits. Funds provided after the achievement of Breakeven Operations shall be in the form of a loan to the Company (the "Operating Deficit Loan(s)"). Any Operating Deficit Loan shall be on the following terms: (i) it shall be unsecured; (ii) it shall not bear interest; (iii) it shall be repayable solely from Net Cash Flow and proceeds of a Capital Transaction at the time and in the amounts set forth in Sections 11.03(b), 11.04 and 12.02(a) of this Agreement; and (iv) Operating Deficit Loans shall be fully subordinated to payment of Project Loans, MM Loans, and indebtedness of the Company to all Persons other than Members. In the event that the Managing Member shall fail to make any such Operating Deficit Loan as aforesaid, the Company shall utilize amounts otherwise payable as installments of the Development Fee pursuant to Section 8.12 of this Agreement to meet the obligations of the Managing Member pursuant to this Section 8.11(b). Amounts so utilized shall also constitute payment and satisfaction of installments of the Development Fee and such other fees payable under the aforesaid Section of this Agreement, and the obligation of the Company to make such installment payments pursuant to such Sections, as well as the Investor Member's obligation to make future Capital Contributions, shall be reduced correspondingly. For the purpose of this Section 8.11(b), all expenses shall be paid on a sixty (60) day current basis.

(c) LIHTC Compliance Guaranty. (i) If with respect to any fiscal year of the Company there is a LIHTC Shortfall, the Managing Member shall, within forty-five (45) days following the close of such fiscal year, pay the Investor Member an amount equal to (A) the amount of the LIHTC Shortfall for the fiscal year immediately preceding the payment due date multiplied by \$1.00, (B) all penalties and interest imposed by the Code and assessed against the Investor Member by the IRS with respect to any LIHTC Shortfall, and (C) an amount sufficient to pay any tax liability owed by the Investor Member resulting from the receipt of the amounts specified in the foregoing clauses (A), (B) and this clause (C) of this Section 8.11(c)(i) (such calculation to be made assuming the Investor Member is subject to the highest federal and state tax rates imposed on corporate tax payers under the Code at that time for the taxable year of the Investor Member in which such payment is taken into income by the Investor Member), together with interest on such amounts at the Prime Rate accruing from such payment due date.

(ii) The Managing Member irrevocably and unconditionally guarantees payments specified in this Section 8.11(c)(ii) to the Investor Member if there is a LIHTC Recapture Event. The payments required by this Section 8.11(c)(ii) shall be the sum of the following amounts: (A) the amount of LIHTC previously allocated to the Investor Member and subsequently disallowed because of such LIHTC Recapture Event multiplied by \$1.00; (B) the "credit recapture amount" (as defined in Code Section 42(j)(2)) allocated to the Investor Member because of such LIHTC Recapture Event; (C) all penalties and interest imposed by the Code and assessed against the Investor Member by the IRS with respect to such LIHTC Recapture Event; (D) an amount sufficient to pay any tax liability owed by the Investor Member resulting from the receipt of the amounts specified in the foregoing clauses (A), (B), (C) and this clause (D) of this Section 8.11(c)(ii) (such calculation to be made assuming the Investor Member is subject to the highest federal and state tax rate imposed on corporate taxpayers under the Code at that time for the taxable year of the Investor Member in which such payment is taken into income by the Investor Member,

together with interest on such amounts at the Prime Rate accruing from the date the Investor Member remits funds to a taxing authority with respect to a LIHTC Recapture Event; and (E) if the cause of the LIHTC Recapture Event will, in determination of the Investor Member, decrease the maximum amount of LIHTC that will be available to the Company and allocated to the Investor Member during the remainder of the compliance period under Section 42 of the Code, assuming full compliance with Section 42 of the Code, then an amount equal to the total amount of such decrease. The Managing Member shall make such payment to the Investor Member within forty-five (45) days of the LIHTC Recapture Event.

(iii) The LIHTC Compliance Guaranty set forth herein shall not apply to amounts due solely to the transfer by the Investor Member of all or a portion of its Interest in the Company or to changes in the tax law after the date hereof with which the Managing Member is unable to comply despite the exercise of its good faith and reasonable efforts.

(iv) Intentionally Omitted.

(v) Funds provided by the Affiliate Guarantor with respect to the Managing Member's obligations under subparagraphs (i) or (ii) above shall be in the form of a loan to the Company (the "Guarantor LIHTC Compliance Loan"). Any Guarantor LIHTC Compliance Loan shall be on the following terms: (i) it shall be unsecured; (ii) it shall bear no interest; and (iii) it shall be repayable solely from proceeds of a Capital Transaction or liquidation at the time and in the amounts set forth in Sections 11.04 and 12.02(a) of this Agreement. Notwithstanding the foregoing, the Investor Member shall have the authority to treat any guarantee payment made on behalf of the Company by its Managing Member or the Affiliate Guarantor as (i) a capital contribution to the capital of the Company by the Managing Member in the amount of such guarantee payment that is matched with a corresponding upward adjustment to such Managing Member's capital account in the Company or (ii) as a loan (as described above) by the Managing Member in the amount of such guarantee payment, so as to minimize any possible unintended increase in the amount of depreciation and tax credits allocated to the Managing Member; provided that any losses or other deductions, other than depreciation, relating to such capital contribution or loan, shall be allocated to the Managing Member making such guarantee payment.

(d) Project Loan Funding Guaranty. The Managing Member irrevocably and unconditionally guarantees and covenants that the Company shall receive full funding of the Project Loans on or before December 31, 2021, on the terms set forth on **Exhibit F** attached hereto. The Managing Member represents and warrants that the source of funds for the Project Loans do not include, in whole or in part, "federal subsidies" within the meaning of Code Section 42(i) (i.e. the source of funds for the Project Loans does not include, in whole or in part, a "tax-exempt obligation," an obligation the interest on which is exempt from tax under Code Section 103). The Project Loan documents shall contain such other terms as may be Consented to by the Investor Member.

8.12 Development Fee. The Company has entered into a Development Agreement (materially in the form of **Exhibit A** attached hereto) of even date herewith with the Developer for its services in connection with the development and construction of the Project. In consideration for such services, a Development Fee in a total amount equal to \$602,000 shall be payable by the Company, in accordance with the terms of the Development Agreement and Article XI of this Agreement. In no event shall full payment of the Development Fee be later than the termination of the Compliance Period. It is anticipated that \$296,060 of the Development Fee will be deferred and paid pursuant to Article XI.

8.13 Incentive Management Fee. The Company has entered into an Incentive Management Fee Agreement in the form attached hereto as **Exhibit B**, with the Managing Member of even date herewith for its services in managing the business of the Company for the period from the date hereof throughout the term of the Company. In no event shall the Incentive Management Fee be cumulative. Payment of such fee shall be in accordance with any applicable requirements of the Project Lenders.

8.14 Withholding of Fee Payments.

(a) Conditions for Withholding. In the event that (i) the Managing Member or any successor Managing Member shall not have substantially complied with any material provisions under this Agreement, or under the operating agreement with respect to an Affiliated Company, after Notice from the Investor Member of such noncompliance and failure to cure such noncompliance within a period of thirty (30) days from and after the date of such Notice, or (ii) any Project Lender shall have declared the Company to be in default under any Project Loan or under any of the mortgage loans as to an Affiliated Company, or (iii) foreclosure proceedings shall have been commenced against the Project or against an Project owned by the Affiliated Company, then (A) the Managing Member shall be in default of this Agreement, and the Company shall withhold payment of any installment of fees and/or allowance payable pursuant to Sections 4.02(s), 8.12 and/or 8.13 and (B) the Managing Member shall be liable for the Company's payment of any and all installments of the Development Fee payable pursuant to Section 8.12.

(b) Release of Fees. All amounts so withheld by the Company under this Section 8.14 shall be promptly released to the payees thereof only after the Managing Member has cured the default justifying the withholding, as demonstrated by evidence reasonably acceptable to the Investor Member.

8.15 Selection of Management Agent; Terms of Management Agreement. The Company shall engage such person, firm or company as the Managing Member may select, and as the Investor Member may approve, which approval shall not be unreasonably withheld (hereinafter referred to as "Management Agent") to manage the operation of the Project during the rent up period and following Final Closing. The Management Agent must be a VHDA certified Property Manager. The Management Agent shall be paid a management fee subject to the approval of the Agency and/or the Project Lenders, if required, and the Special Member, but in no event will the management fee be greater than 8.80% of gross rental income. The contract between the Company

and the Management Agent and the management plan for the Project shall be in the form set forth in **Exhibit G**, with such changes acceptable to the Agency and/or the Project Lenders, if required, and reasonably acceptable to the Special Member. Such contract shall provide, among other things, that it shall be cancelable upon thirty (30) days' prior notice from the Company, and that the Management Agent will accrue the management fee to the extent necessary at any time to prevent a default under any Project Loan. Whenever the management agent for the Project is the Managing Member or an Affiliate of the Managing Member, the management agreement shall provide that it is immediately terminable at the election of the Investor Member or Special Member in the event of (a) the removal or withdrawal of the Managing Member, or (b) any material breach of or noncompliance with any provision of this Agreement by the Managing Member or any Affiliate of the Managing Member. Any other agreement entered into by the Company and any Managing Member or any Affiliate thereof shall specifically provide that such agreement shall be immediately terminable at the election of the Investor Member or Special Member if the Managing Member is removed or withdraws. The Sponsor is approved by the parties hereto as the initial Management Agent.

8.16 Removal of the Management Agent. The Managing Member:

(a) may, upon receiving any required approval of the Project Lenders and the Investor Member, dismiss the Management Agent as the entity responsible for the Project under the terms of the contract between the Company and the Management Agent, and

(b) shall, at the request of the Investor Member, remove the Management Agent if the Special Member determines that the same is necessary to protect the interest of the Company or if the Management Agent is declared Bankrupt, is dissolved, or makes an assignment for the benefit of its creditors, or for any intentional misconduct by the Management Agent or its negligence in the discharge of its duties and obligations as Management Agent (subject to the fulfillment and expiration of any notice and/or opportunity to cure provisions of the Management Agreement), including, without limitation, for any action or failure to take any action which:

(i) violates in any material respect any provision of the Management Agreement entered into with the Company and approved by the Project Lenders, if required, and/or any material provision of the Project Documents and/or the Loan Documents applicable to the Project, or the Project Lenders-approved management plan for the Project;

(ii) violates in any material respect any provision of this Agreement or provision of applicable law; or

(iii) causes the Project to be operated in a manner which if continued would give rise to an event which would cause or would likely cause a recapture of LIHTC.

8.17 Replacement of the Management Agent. Upon the removal of the Management Agent as the entity responsible for the management of the Project, a substitute Management Agent which is not an Affiliate of the Managing Member shall be named by the Managing Member,

subject to the approval of the Project Lenders, if required, and the approval of the Investor Member.

8.18 Loans to the Company. The Company is authorized to receive Operating Deficit Loans and MM Loans on the terms set forth in this Agreement. In addition, if (a) additional funds are required by the Company for any purpose relating to the business of the Company or for any of its obligations, expenses, costs or expenditures, and (b) the Company has not received an Operating Deficit Loan, or MM Loan to pay such amounts, then the Company may borrow such funds as are needed from a Person or organization, other than a Member or an Affiliate of a Member, in accordance with the terms of this Section 8.18, for such period of time and on such terms as the Managing Member and the Investor Member may agree; provided, however, that no such additional loans shall be secured by any mortgage or other encumbrance on the property of the Company without the prior approval of the Investor Member except that such approvals shall not be required in the case of the hypothecation of personal property purchased by the Company and not included in the security agreements executed by the Company at the time of Initial Closing. Nothing in this Section 8.18 shall modify or affect the obligation of the Managing Member to make Operating Deficit Loans and to perform its obligations when and as required by this Agreement.

8.19 Affiliate Guaranty. Concurrently with the execution of this Agreement, the Managing Member shall deliver to the Investor Member (a) the Affiliate Guaranty fully executed by each Affiliate Guarantor, (b) a pledge and security agreement executed by the Managing Member in the form of **Exhibit E** attached hereto (the "Managing Member Pledge"), wherein the Managing Member pledges and grants a security interest in its Managing Member interest in the Company and in each Affiliated Company to secure its obligation under this Agreement, and (c) an opinion of counsel to the Affiliate Guarantors in form satisfactory to the Investor Member regarding the Affiliate Guaranty and the Managing Member Pledge.

8.20 Intentionally Deleted.

8.21 Accounting Fee. An accounting fee shall be paid to Virginia Housing Capital Corporation under the Agreement to Provide Accounting and Reporting Services, the form of which is attached hereto as **Exhibit J.** The obligation to pay such fee shall terminate at the end of the next year following the termination of the Compliance Period.

8.22 Public Relations. The Managing Member shall provide written and timely notice of any groundbreaking, ribbon-cutting or other public relations ceremonies for the Project to the Investor Member and recognize the Investor Member and the Investor Member's members at such public relations ceremonies.

ARTICLE IX
TRANSFERS AND RESTRICTIONS ON TRANSFERS
OF INTERESTS OF INVESTOR MEMBERS

9.01 Restrictions on Transfer of Investor Members' Interests.

(a) Under no circumstances will any offer, sale, transfer, assignment, hypothecation or pledge of any Investor Member Interest be permitted unless the Managing Member, in its sole discretion, shall have Consented thereto, and the Project Lenders, if required, also shall have Consented thereto, provided however, that the Managing Member shall not unreasonably withhold its Consent to the pledge by the Investor Member of its Investor Member Interest or a transfer of its right to receive distributions hereunder, so long as no pledgee or transferee shall have any right to become a Substitute Investor Member in the Company or exercise any voting rights of the Investor Member.

(b) The Investor Member whose interest is being transferred shall pay such reasonable expenses as may be incurred by the Company in connection with such transfer.

(c) Nothing in this Section 9.01 shall limit the authority of the Investor Member to sell, transfer and/or assign interests within the Investor Member or to transfer Interests of the Investor Member to (i) any Affiliate of the Investor Member or Special Member, in the sole discretion of the Investor Member, at any time and from time to time, or (ii) to any other Person once during the term of this Agreement upon Notice to the Managing Member(s).

9.02 Admission of Substitute Investor Members.

(a) Subject to the other provisions of this Article IX, an assignee of the Interest of an Investor Member (which shall be understood to include any purchaser, transferee, donee, or other recipient of any disposition of such Interest) shall be deemed admitted as a Substitute Investor Member of the Company only upon the satisfactory completion of the following:

(i) Consent of the Managing Member (which may be withheld in its sole discretion), and the consent of the Project Lenders, if required, shall have been given; such Consent of the Managing Member may be evidenced by the execution by the Managing Member of an amended Agreement and/or Certificate evidencing the admission of such Person as an Investor Member pursuant to the requirements of the Act, provided, however, that no Consent shall be required for any sale, transfer or assignment pursuant to Section 9.01 (c);

(ii) the assignee shall have accepted and agreed to be bound by the terms and provisions of this Agreement by executing a counterpart thereof or an appropriate amendment hereto, and such other documents or instruments as the Managing Member may require in order to effect the admission of such Person as an Investor Member;

(iii) an amended Agreement and/or Certificate evidencing the admission of such Person as an Investor Member shall have been filed for recording pursuant to the requirements of the Act;

(iv) if the assignee is a corporation, the assignee shall have provided the Managing Member with evidence satisfactory to Counsel for the Company of its authority to become an Investor Member under the terms and provisions of this Agreement; and

(v) the assignee or the assignor shall have reimbursed the Company for all reasonable expenses, including all reasonable legal fees and recording charges, incurred by the Company in connection with such assignment.

(b) For the purpose of allocation of profits, losses and credits, and for the purpose of distributing cash of the Company, a Substitute Investor Member shall be treated as having become, and as appearing in, the records of the Company as a Member upon his signing of an amendment to this Agreement agreeing to be bound hereby.

(c) If the Managing Member has determined it will Consent to the admission, the Managing Member shall cooperate with the Person seeking to become a Substitute Investor Member by preparing the documentation required by this Section and making all official filings and publications. In such event, the Company shall take all such action, including the filing, if required, of any amended Agreement and/or Certificate evidencing the admission of any Person as an Investor Member, and the making of any other official filings and publications, as promptly as practicable after the satisfaction by the assignee of the Interest of an Investor Member of the conditions contained in this Article IX to the admission of such Person as an Investor Member of the Company. Any cost or expense incurred in connection with such admission shall be borne by the Substitute Investor Member.

9.03 Rights of Assignee of Company Interest.

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

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

ARTICLE X
RIGHTS AND OBLIGATIONS OF INVESTOR MEMBERS

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

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

10.03 Other Activities. Any Investor Member may engage in or possess interests in other ventures of every kind and description for its own account, including without limitation, serving as general partner or managing member of other limited partnerships or limited liability companies which own, either directly or through interests in other limited liability companies or limited partnerships, government-assisted housing projects similar to the Project. Neither the Company nor any of the Members shall have any right by virtue of this Agreement in or to such other business ventures to the income or profits derived therefrom.

ARTICLE XI
PROFITS, LOSSES AND DISTRIBUTIONS

11.01 Allocation of Profits and Losses Other Than From Capital Transactions.

(a) Manner of Determination. Profits, Losses and credits for all purposes of this Agreement shall be determined in accordance with the definition of the same under Article II of the Agreement (as applicable) and in accordance with the accrual accounting method and in accordance with applicable Code sections and Treasury Regulations governing same.

(b) Allocations. All Profits and Losses, except those items in Sections 11.02, 11.05 and 11.07 below, shall be allocated to the Members in accordance with their Percentage Interests. Every item of income, gain, loss, deduction, or tax preference entering into the computation of such Profits and Losses, or applicable to the period during which such Profits and Losses were realized, shall be considered allocated to each Member in the same proportion as

Profits and Losses are allocated to such Member.

(c) Intentionally Deleted.

(d) Special Member Allocation. Notwithstanding any provisions in the Agreement to the contrary, in no event shall the Special Member be allocated more than its Percentage Interest, determined as of the date hereof, of any item of Company income, gain, loss, deduction, credit or basis.

11.02 Allocation of Profits and Losses from Capital Transactions. Except to the extent provided in Sections 11.07, Profits and Losses recognized by the Company upon a Capital Transaction shall be allocated in the following manner:

(a) Profits shall be allocated (i) first, to the Members with negative Capital Account balances, that portion of gains (including any gains treated as ordinary income for federal income tax purposes) which is equal in amount to, and in proportion to, such Members' respective negative Capital Accounts in the Company; provided that no gain shall be allocated under this Section 11.02(a)(i) to a Member once such Member's Capital Account is brought to zero and (ii) second, gains in excess of the amount allocated under (i) shall be allocated to the Members in the amounts and to the extent necessary to increase the Members' respective Capital Accounts so that the proceeds distributed under Section 11.04(d) and (f) will be distributed in accordance with the Members' respective Capital Accounts.

(b) Losses shall be allocated (i) first, to the extent and in such proportions as the respective positive balances in all Members' Capital Accounts, and (ii) second, any remaining loss to the Members in accordance with the manner in which they bear the economic risk of loss associated with such loss or, if none, to the Members in accordance with their Membership Interests.

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

11.03 Distributions: Net Cash Flow.

(a) Determination of Net Cash Flow. Net Cash Flow shall be determined separately for each fiscal year or portion thereof commencing on the day after Final Closing and shall not be cumulative. Wherever there is a reference to the distribution of Net Cash Flow pursuant to the provisions of this Agreement, Net Cash Flow shall be deemed to be limited to Surplus Cash available for distribution. Income received by the Company from the period commencing with the date of receipt of the initial certificate of occupancy with respect to the Project and ending on the date of the Final Closing shall not be distributed during such period and shall be treated as Net Cash Flow with respect to the first Payment Date following Final Closing.

(b) Manner of Distribution. Subject to the approval of the Project Lenders, if required, Net Cash Flow shall be applied and/or distributed on each Payment Date in the following priority:

(i) first, to the Investor Member until the aggregate amount of distributions made to the Investor Member under this Section 11.03(b)(i) for the current and all prior years equals the Assumed Investor Member Tax Liability for the current and all prior years;

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

(iii) third, to the Managing Member until the aggregate amount of distributions made to the Managing Member under this Section 11.03(b)(iii) for the current and all prior years equals the Assumed Managing Member Tax Liability for the current and all prior years;

(iv) fourth, to replenish the Operating Reserve to the Initial Amount;

(v) fifth, to the Developer until all amounts due under the Development Agreement have been paid in full;

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

(vii) seventh to the payment of the Incentive Management Fee; and

(viii) thereafter, 99.99% to the Investor Member; .009% to the Managing Member; and .001% to the Special Member.

Notwithstanding anything to the contrary contained herein, if the amount of the distribution to the Investor Member under Section 11.03(b) is less than 10% of the Net Cash Flow of the Project, then the Investor Member shall receive a priority distribution before any distributions under Section 11.03(b)(vii) and (viii) in an amount such that, when added to the sum distributable to the Investor Member under Section 11.03(b), shall equal 10% of Cash Flow.

(c) Distributions to be Subject to Regulatory Restrictions. Notwithstanding the foregoing, during such time as regulations of the Project Lenders are applicable to the Project, the total amount of Net Cash Flow which may be so distributed to the Members with respect to any fiscal year shall not exceed such amounts as such regulations permit to be distributed.

11.04 Distributions: Capital Transactions and Liquidation of Company Property. Except as may be required under Section 12.02(b), the proceeds resulting from the liquidation of the Company assets pursuant to Section 12.02, and the net proceeds resulting from any Capital Transaction, as the case may be, shall be distributed and applied in the following order of priority:

(a) to the payment of all matured debts and liabilities of the Company (including amounts due pursuant to any Project Loan and all expenses of the Company incident to any such sale or refinancing), excluding (1) debts and liabilities of the Company to Members or any Affiliates, and (2) all unpaid fees owing to the Managing Member under this Agreement;

(b) to the setting up of any reserves which the Liquidator (or the Managing Member if the distribution is not pursuant to the liquidation of the Company) deems reasonably necessary for contingent, unmatured or unforeseen liabilities or obligations of the Company;

(c) Twenty Thousand and No/100 Dollars (\$20,000.00) to the Special Member, or its assignee as a Capital Transaction Administrative Fee, either upon sale or transfer of Investor Member interest;

(d) to the payment of any debts and liabilities (including unpaid fees) owed to the Members or any Affiliates by the Company for Company obligations; provided, however, that the foregoing debts and liabilities owed to Members and their Affiliates shall be paid or repaid, as applicable, in the following order of priority, if and to the extent applicable: (i) to the Investor Member, an amount equal to any outstanding LIHTC Reduction Guaranty Payment, or any Unpaid LIHTC Shortfall (applied first to accrued but unpaid interest (at the Default Rate) and then principal); (ii) to the Investor Member, an amount equal to any Special Additional Capital Contribution; (iii) to the payment of any outstanding MM Loans and loans made by the Managing Member pursuant to Section 8.11(a)(i) and/or 8.11(a)(ii) pro rata based on their respective outstanding balances, if applicable; (iv) amounts due under the Development Agreement; (v) amounts due with respect to Operating Deficit Loans, if any; and (vi) any other such debts and liabilities;

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

(f) to payment of the Guarantor LIHTC Compliance Loan (or, if funds provided are a capital contribution, under Section 8.11(c)(v), as a return of such capital); and

(g) the balance, .009% to the Managing Member, 99.99% to the Investor Member, and .001% to the Special Member.

Written determination of the proposed distributions of proceeds of Capital Transactions, showing all relevant calculations and assumptions, shall be delivered to the Investor Member and Special Member not later than twenty (20) days prior to the Company entering into any agreement for a Capital Transaction, and written confirmation or any revision thereof shall be delivered to the Investor Member and Special Member not later than twenty (20) days prior to the making of any such distribution. Distributions hereunder shall be made within five (5) days of the Company's receipt of such proceeds.

11.05 Distributions and Allocations: General Provisions.

(a) In any year in which a Member sells, assigns or transfers all or any portion of an Interest to any Person who during such year is admitted as a substitute Member, the share of all profits and losses allocated to, and of all Net Cash Flow and of all cash proceeds distributable under Section 11.04 distributed to, all Members which is attributable to the Interest sold, assigned or transferred shall be divided between the assignor and the assignee ratably on the basis of the number of monthly periods in such year before, and the number of monthly periods on and after, the first day of the month during which such Person is admitted as a substitute Member.

(b) The Company shall, subject to any applicable limitation on the distribution of Net Cash Flow and any required approval by the Project Lenders, distribute Net Cash Flow not less frequently than annually in the manner provided in Section 11.03(b).

(c) In the event that there is a determination that there is any original issue discount or imputed interest attributable to the Capital Contribution of any Member, or any loan between a Member and the Company, any income or deduction of the Company attributable to such imputed interest or original issue discount on such Capital Contribution or loan (whether stated or unstated) shall be allocated solely to such Member.

(d) In the event that the deduction of all or a portion of any fee paid or incurred by the Company to a Member or an Affiliate of a Member is disallowed for federal income tax purposes by the IRS with respect to a taxable year of the Company, the Company shall then allocate to such Member an amount of gross income of the Company for such year equal to the amount of such fee as to which the deduction is disallowed.

(e) If any Member's Interest in the Company is reduced but not eliminated because of the admission of new Members or otherwise, or if any Member is treated as receiving any items of property described in Section 751(a) of the Code, the Member's Interest in such items of Section 751(a) property that was property of the Company while such Person was a Member shall not be reduced, but shall be retained by the Member so long as the Member has an Interest in the Company and so long as the Company has an Interest in such property.

(f) In accordance with Section 704(c) of the Code (relating to allocations with respect to appreciated contributed property) and the Regulations thereunder, income, gain, loss, and deduction with respect to any property contributed to the capital of the Company shall be allocated, solely for tax purposes, among the Members so as to take account of any variation between the adjusted basis of such property to the Company for federal income tax purposes and its fair market value. Any elections or other decisions relating to such allocations shall be made by the Managing Member in any manner that reasonably reflects the purpose and intention of this Agreement.

(g) In the event that the Managing Member makes any Operating Deficit Loans pursuant to Section 8.11(b), any deductions or losses of the Company attributable to the use of those funds shall be specially allocated to the Managing Member.

(h) Any income attributable to the Capital Contribution of the Managing Member will be allocated to the Managing Member.

(i) Any income attributable to the modification of any of the Project Loan(s) shall be allocated 100% to the Managing Member.

11.06 Capital Accounts.

(a) Establishment and Maintenance. A separate Capital Account shall be maintained and adjusted for each Member. There shall be credited to each Member's Capital Account the amount of its Capital Contribution, the fair market value of any property contributed to the Company (net of any liabilities secured by such property) and such Member's distributive share of the income and gain for tax purposes of the Company including income or gain exempt from tax; and there shall be charged against each Member's Capital Account the amount of all cash flow distributed to such Member, the fair market value of any property distributed to such Member (net of any liabilities secured by such property), the net proceeds resulting from the liquidation of the Company's assets or from any sale or refinancing of the Project distributed to such Member, and such Member's distributive share of the losses for tax purposes of the Company. Each Member's Capital Account shall be maintained and adjusted in accordance with the Code and the Treasury Regulations thereunder. The foregoing provisions and the other provisions of this Agreement relating to the maintenance of Capital Accounts are intended to comply with Treas. Reg. § 1.704-1(b), and shall be interpreted and applied in a manner consistent with such regulations. It is the intention of the Members that the Capital Accounts maintained under this Agreement be determined and maintained throughout the full term of this Agreement in accordance with the accounting rules of Treas. Reg. § 1.704-1(b)(2)(iv).

(b) Deficit Capital Accounts; Regulatory Liquidation. In the event that the Company is liquidated within the meaning of Treas. Reg. § 1.704-1(b)(2)(ii)(g), if the Managing Member's Capital Account has a deficit balance (after giving effect to all contributions, distributions and allocations), the Managing Member shall make Capital Contributions in the

amount of such deficit in compliance with Treas. Reg. §1.704-1(b)(2)(ii)(b)(3). In the event that the Investor Member's Capital Account should have a deficit balance at such time, it shall have no obligation to fund or otherwise contribute capital to the Company in connection with such deficit. Notwithstanding the foregoing, in the event the Company is liquidated within the meaning of Treas. Reg. § 1.704-1(b)(2)(ii)(g) but no event has occurred under Section 12.01 to dissolve the Company, the Company assets shall not be liquidated, the Company's liabilities shall not be paid or discharged, and the Company's affairs shall not be wound up. Instead, the Company shall be deemed to have contributed all of its assets and liabilities to a new limited liability company in exchange for an interest in the new limited liability company. Immediately thereafter, the terminated Company shall be deemed to have distributed interests in the new limited liability company to the Members of the terminated Company in proportion to their respective interests in the terminated Company in liquidation of the terminated Company.

11.07 Special Allocations. Notwithstanding anything to the contrary contained in Section 11.01(a) or (b), the following special allocations in all events apply in determining the allocation of Profits and Losses among the Members and are made prior to the allocations required under §11.01(a) and (b):

(a) Depreciation and LIHTC.

(i) Depreciation (cost recovery) deductions and LIHTC are allocated to the Members in accordance with their Percentage Interests.

(ii) Any recapture of LIHTC is allocated to the Members that were allocated (or whose predecessors-in-interest were allocated) the depreciation/cost recovery deduction and LIHTC associated therewith.

(b) Limitation on Allocations of Losses.

(i) To the extent the allocation of any Losses to a Member would cause that Member to have an Adjusted Capital Account Deficit at the end of any fiscal year of the Company, then those Losses will not be allocated to that Member, but rather will be specially allocated to the remaining Members in proportion with their relative interests in the Company.

(ii) In the event some but not all of the Members would have Adjusted Capital Account Deficits due to an allocation of Losses, the limitation set forth in this Section 11.07(b) shall be applied on a Member-by-Member basis so as to allocate the maximum permissible Losses to each Member who is not a Managing Member under Treas. Reg. §1.704-1(b)(2)(ii)(d). All Losses in excess of the limitation set forth in this Section 11.07(b) shall be allocated to the Managing Member.

(c) Profit Chargeback. To the extent any Losses are specially allocated to a Member in accordance with Section 11.07(b), then Profits will thereafter first be specially allocated to such Member in proportion to and in an amount (1) up to but not exceeding the amount of any such

special allocation of Losses away from such Member under such subparagraph (b) but (2) not to the extent that Losses or depreciation deductions would be allocated to the remaining Members in excess of the amount permitted by 11.07(b).

(d) Nonrecourse Deductions. Nonrecourse Deductions for any fiscal year shall be allocated to the Members in accordance with their Percentage Interests.

(e) Member Nonrecourse Deductions. Any Member Nonrecourse Deductions for any fiscal year shall be specially allocated to the Member or Members that bear the Economic Risk of Loss with respect to the Member Nonrecourse Debt to which such Member Nonrecourse Deductions are attributable in accordance with Treas. Reg. §1.704-2(b)(4) and Treas. Reg. §1.704-2(i).

(f) Company Minimum Gain Chargeback. Notwithstanding any other provision of this Agreement, if there is a net decrease in the Company's Minimum Gain attributable to Nonrecourse Liabilities during any taxable year, each Member shall be specially allocated a *pro rata* portion of each of the Company's items of income and gain for such year (and, if necessary for subsequent years) in proportion to, and to the extent of, an amount equal to such Member's share of the net decrease in such Minimum Gain during such taxable year as determined in accordance with the provisions of Treas. Reg. §1.704-2(g)(2). In the event that such net decrease in the Company's Minimum Gain occurs in connection with the disposition of all or any portion of the Project, then any items of Company income or gain allocated in accordance with the previous sentence shall first consist of gain recognized by the Company as a result of such disposition. It is the intent that the allocations provided in this Section 11.07(f) shall be determined in accordance with and only to the extent required by Treas. Reg. §1.704-2(f) and (j)(2)(i).

(g) Member Minimum Gain Chargeback. Notwithstanding any other provision of this Agreement, if there is a net decrease in the amount of the Company's Minimum Gain during any taxable year with respect to a Member Nonrecourse Debt, the Member bearing the Economic Risk of Loss with respect to such Member Nonrecourse Debt shall be specially allocated a *pro rata* portion of each of the Company's items of income and gain for such taxable year (and, if necessary, for subsequent years) in proportion to, and to the extent of the amount of such Member's share of the net decrease in such Minimum Gain during such taxable year as determined in accordance with the provisions of Treas. Reg. §1.704-2(i)(4). In the event that such net decrease in the Member's Minimum Gain occurs in connection with the disposition of all or any portion of Project, then any items of Company income or gain allocated in accordance with the previous sentence shall first consist of gain recognized by the Company as a result of such disposition. It is the intent that the allocations provided in this Section 11.07(g) shall be determined in accordance with and only to the extent required by the provisions of Treas. Reg. §1.704-2(i) and (j)(2)(ii).

(h) Qualified Income Offset. If a Member unexpectedly receives any adjustments, allocations, or distributions described in §1.704-1(b)(2)(ii)(d)(4), (5) or (6) of the Regulations, then items of Company income or gain will be specially allocated to that Member in an amount and manner sufficient to eliminate, to the extent required by the Regulations, the Adjusted

Capital Account Deficit of that Member as quickly as possible. The special allocations required pursuant to this subparagraph (h) are made only if and to the extent that such Member would have an Adjusted Capital Account Deficit after all other allocations provided for in this Article 11 have been tentatively made as if this subparagraph (h) were not in the Agreement. This subparagraph (h) is intended to comply with the qualified income offset requirements of §1.704-1(b)(2)(ii)(d) of the Regulations and will be interpreted consistently therewith.

(i) Gross Income Allocation. In the event any Member has a deficit Capital Account at the end of any fiscal year in excess of the sum of (i) the amount that such Member must restore pursuant to any provision of this Agreement, if any, and (ii) the amount such Member is deemed obligated to restore pursuant to the penultimate sentence of Treas. Reg. § 1.704-2(g) and § 1.704-2(i)(5), such Member shall be specially allocated items of Company income and gain in the amount of such excess as quickly as possible, provided that an allocation pursuant to this Section 11.07(i) shall be made if and only to the extent that such Member would have a deficit Capital Account in excess of such sum after all other allocations provided for in this Article XI have been tentatively made as if this Section 11.07(i) and Section 11.07(h) hereof were not in the Agreement.

(j) §754 Adjustment. To the extent an adjustment to the adjusted tax basis of any Company Property undertaken pursuant to §734(b) or 743(b) of the Code is required to be taken into account in determining the Capital Accounts of the Members under Treas. Reg. §1.704-1(b)(2)(iv)(m), then the amount of such adjustment to the Capital Accounts will be treated as an item of gain (if the adjustment increases the basis of the asset) or loss (if the adjustment decreases such basis) and such gain or loss will be specially allocated to the Members in a manner consistent with the manner in which their Capital Accounts are required to be adjusted pursuant to the aforementioned section of the regulations.

(k) Curative Allocations. In the event that income, loss or items thereof are allocated to one or more Members pursuant to Sections 11.07(h) through (i), subsequent income, loss or items thereof shall be allocated (subject to the provisions of Sections 11.07(h) and (i)) to the Members so that, to the extent possible in the judgment of the Managing Member, the net amount of allocations shall be equal to the amount that would have been allocated had Section 11.07 not been applied. Notwithstanding the foregoing, the allocation of depreciation deductions will be governed by Section 11.07(a) and this Section 11.07(k) shall not apply to allocations of depreciation deductions.

(l) Excess Nonrecourse Liabilities. Solely for purposes of determining a Member's proportionate share of the "excess nonrecourse liabilities" of the Company within the meaning of Treas. Reg. §1.752-3(a)(3), the Members' respective interests in Company Profits and deductions shall equal their Percentage Interests (determined without regard to Section 11.07(a)-(k)).

(m) Authority to Vary Allocations to Preserve and Protect Members' Intent

(i) It is the intent of the Members that each Member's distributive share

of income, gain, loss, deduction, or credit (or item thereof) shall be determined and allocated in accordance with this Article XI to the fullest extent permitted by Section 704(b) of the Code. In order to preserve and protect the determinations and allocations provided for in this Article XI, the Managing Member, shall upon the direction in writing of the Special Member, allocate income, gain, loss, deduction, or credit (or item thereof) arising in any year differently than otherwise provided for in this Article XI as necessary to ensure that all allocations of income, gain, loss, deduction or credit (or item thereof) to the Members are permitted by Section 704(b) of the Code and Treasury Regulations promulgated thereunder. Any allocation made pursuant to this Section 11.07 shall be deemed to be a complete substitute for any allocation otherwise provided for in this Article XI and no amendment of this Agreement or approval of any Member shall be required.

(ii) In making any allocation (the "new allocation") under Section 11.07(m)(i), the Managing Member is authorized to act only upon the direction in writing of the Special Member or the Investor Member.

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

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

11.08 Designation of Partnership Representative. The Managing Member shall be the partnership representative of the Company pursuant to Section 6223 of the Code ("Partnership Representative"), and shall engage in such undertakings as are required of the Partnership Representative of the Company, as provided in the Code and applicable Treasury Regulations. For each applicable tax year, the Managing Member shall cause the Company to appoint as the Designated Individual a person who is employed by the Managing Member or its Affiliate, has sufficient experience and authority to represent the Company in all dealings with the IRS, and is Consented to by the Investor Member or Special Member. If the Designated Individual is unable to perform the role required, no longer meets the requirements of the Code and Treasury Regulations or ceases to be employed by the Managing Member or its Affiliate, the Managing Member shall take all necessary action to cause such person to resign as the Designated Individual and to cause the Company to designate a successor representative that would otherwise qualify under this Agreement and under the Code and Treasury Regulations as a permissible Designated Individual. The Managing Member shall take any and all action required under the Code or Treasury Regulations (including on all applicable Company tax returns), as in effect from time to

time, to cause the Company to designate the Managing Member as the Partnership Representative and the chosen person as the Designated Individual. The Managing Member shall cause the Designated Individual to agree to comply with all restrictions and obligations imposed on the Partnership Representative as set forth in this Agreement. In the event that the Special Member exercises its right to become a managing member and to assume duties of the Partnership Representative, the pre-existing Partnership Representative will resign in accordance with Treas. Reg. § 301.6223-1(d)(1) and the Company will redesignate the new managing member as Partnership Representative in accordance with Treas. Reg. § 301.6223-1(d)(1).

Each Member, by its execution of this Agreement, Consents to such designation of the Partnership Representative by the Company and agrees to execute, certify, acknowledge, deliver, swear to, file and record at the appropriate public offices such documents as may be necessary or appropriate to evidence such Consent.

11.09 Authority of Partnership Representative.

(a) The Partnership Representative shall have and perform all of the duties required under the Code and Treasury Regulations, including the following duties:

(i) Furnish the name, address, profits interest, and taxpayer identification number of each Member to the IRS;

(ii) Represent the Company in all dealings with the IRS and state and local taxing authorities in accordance with the obligations and restrictions imposed by this Agreement;

(iii) Within five calendar days after the receipt by the Managing Member or an Affiliate thereof or the Company of any correspondence or communication relating to the Company or a Member or an Affiliate of a Member from the IRS or state or local taxing authority, the Partnership Representative shall forward to each Member a photocopy of all such correspondence or communication(s). The Partnership Representative shall, within five calendar days thereafter, advise each Member in writing of the substance and form of any conversation or communication held with any representative of the IRS or state or local taxing authority.

(b) The Partnership Representative shall, upon request by the Investor Member, permit the Investor Member to include its attorney in the power of attorney (Form 2848) for the Company for any taxable years under a tax audit or in a tax administrative appeals process.

(c) The Partnership Representative shall, solely upon request by the Investor Member, make an election pursuant to Sections 6221 or 6226 of the Code on behalf of the Company, provided the Company is permitted to make such election pursuant to the Code or Treasury Regulations thereunder.

(d) The Partnership Representative shall not without the Consent of the Special

Member:

- (i) Extend the statute of limitations for assessing or computing any tax liability against the Company (or the amount or character of any Company tax items);
- (ii) Engage an accounting firm or counsel to represent the Company before the IRS;
- (iii) Settle any audit with the IRS concerning the adjustment or readjustment of any Company item(s);
- (iv) File a request for an administrative adjustment with the IRS at any time or file a petition for judicial review with respect to any such request or select the forum for judicial review of any IRS determination;
- (v) Initiate or settle any judicial review or action concerning the amount or character of any Company tax item(s);
- (vi) Intervene in any action brought by any other Member for judicial review of a final Company administrative adjustment;
- (vii) Make an election pursuant to Sections 6221(b) or 6226(a) of the Code on behalf of the Company;
- (viii) Take action pursuant to Treasury Regulations promulgated under Section 6225(c); or
- (ix) Take any other action not expressly permitted by this Section 11.09 on behalf of the Members of the Company in connection with any administrative or judicial tax proceeding.

(e) In the event of any Company-level proceeding instituted by the IRS pursuant to Sections 6221 through 6241 of the Code, or by any other federal, state or local tax authority, the Partnership Representative shall consult with the Special Member regarding the nature and content of all action and defense to be taken by the Company in response to such proceeding. The Partnership Representative also shall consult with the Special Member regarding the nature and content of any proceeding pursuant to Sections 6221 through 6241 of the Code instituted by or on behalf of the Company (including the decision to institute proceedings, whether administrative or judicial, and whether in response to a previous IRS proceeding against the Company or otherwise). The Partnership Representative will provide the Investor Member and Special Member with notice reasonably in advance of any meetings or conferences with respect to any administrative or judicial proceedings relating to the determination of Company items at the Company-level (including any meetings or conferences with counsel or advisors to the Company with respect to such proceedings) and the Investor Member and Special Member shall have the

right to participate, at the Investor Member's and Special Member's sole cost and expense, in any such meetings or conferences. In any such proceedings, the Partnership Representative shall take any action or omit to take any action, if reasonably requested by the Investor Member or Special Member.

(f) If, at any time, the Managing Member desires to accept a settlement offer or other proposed resolution of a tax dispute, and the Investor Member and Special Member do not, then, to the extent permitted by the Code and Treasury Regulations, the Special Member may elect to take control of such tax dispute (including by being appointed as the Partnership Representative for the relevant period) and resolve such tax dispute in the best interest of the Company, as reasonably determined by the Special Member. If exercised, this election shall apply only to such contested tax dispute and not to any other past, future, or pending dispute with a tax authority or other Company matter. Moreover, the exercise of this election shall not relieve the Managing Member of any of its other obligations under this Agreement, including its obligation to manage the Company.

(g) In the event that an election described in Code Section 6226(a) is not made with respect to any notice of final partnership adjustment, each Member shall be obligated to make a capital contribution in an amount equal to such Member's share of the imputed underpayment (and any associated interest and penalties) owed by the Company under Code Section 6225. For purposes of the preceding sentence, each Member's share of such imputed underpayment (and associated interest and penalties) shall be determined by taking into account (i) such Member's share of the income, gain, loss, deductions, basis and credits to which such adjustment and imputed underpayment relate, as determined by the Accountants; (ii) such Member's obligation (if any) to indemnify, defend, or hold harmless the Company or any other Member for such imputed underpayment (and any associated interest and penalties) under this Agreement; (iii) such Member's obligations and liabilities arising from or related to such Member's representations, warranties and covenants in this Agreement; and (iv) the obligations of the Managing Member(s) under Section 5.01(e) (relating to Tax Credit adjustments). For example, if an imputed underpayment were to relate to an adjustment or disallowance of Tax Credits previously allocated to the Investor Member, and such adjustment or disallowance would give rise to an obligation of the Managing Member to make a capital contribution under Section 5.01(e) (relating to Tax Credit adjustments), then such Managing Member, rather than the Investor Member, would be required to make the capital contribution described in this paragraph.

(h) The Managing Member shall be the "tax matters partner" for all Fiscal Years of the Company beginning prior to January 1, 2018. Unless at the direction of the Investor Member, to be given in its sole and absolute discretion, the Managing Member shall not elect, and has not elected, pursuant to Section 1101(g)(4) of the Bipartisan Budget Act of 2015 (the "Budget Act") to apply the provisions of Section 1101 of the Budget Act to a Fiscal Year of the Company beginning prior to January 1, 2018.

11.10 Expenses of Partnership Representative. The Company shall indemnify and reimburse the Partnership Representative for all expenses, including legal and accounting fees, claims, liabilities, losses and damages incurred in connection with any administrative or judicial

proceeding with respect to the tax liability of the Members. The payment of all such expenses shall be made before any distributions are made from Net Cash Flow or any discretionary reserves are set aside by the Managing Member. The Managing Member shall have the obligation to provide funds for such purpose to the extent that Company funds are not otherwise available therefor. The taking of any action and the incurring of any expense by the Partnership Representative in connection with any such proceeding, except to the extent required by law, is a matter in the sole discretion of the Partnership Representative and the provisions on limitations of liability of the Managing Member and indemnification set forth in Section 8.08 of this Agreement shall be fully applicable to the Partnership Representative in its capacity as such. Sections 11.08, 11.09 and this Section 11.10 of the Agreement shall survive termination of any Member's interest in the Company for any reason and shall be binding on all Members, including former Members.

ARTICLE XII SALE, DISSOLUTION AND LIQUIDATION

12.01 Dissolution of the Company. The Company shall be dissolved upon the earlier of the expiration of the term of the Company, or upon:

(a) the withdrawal, Bankruptcy, death, dissolution or adjudication of incompetency of the Managing Member who is at that time the sole Managing Member, subject to the provisions of Section 6.03, unless a majority in interest of the other Members, within ninety (90) days after receiving Notice of such withdrawal, Bankruptcy, death, dissolution or adjudication of incompetence, elects to designate a successor Managing Member(s) and continue the Company upon the admission of such successor Managing Member(s) to the Company;

(b) the sale or other disposition of all or substantially all of the assets of the Company, subject to the provisions of Section 6.03;

(c) the election by the Managing Member, with the Consent of a majority in interest of the other Members; or

(d) any other event causing the dissolution of the Company under the laws of the Commonwealth of Virginia.

12.02 Winding Up and Distribution.

(a) Upon the dissolution of the Company pursuant to Section 12.01, (i) a Certificate of Cancellation shall be filed in such offices within the Commonwealth of Virginia as may be required or appropriate and (ii) the Company business shall be wound up and its assets liquidated as provided in this Section 12.02 and the net proceeds of such liquidation, except as provided in Section 12.02(b) below, shall be distributed in accordance with Section 11.04.

(b) It is the intent of the Members that, upon liquidation of the Company, any liquidation proceeds available for distribution to the Members be distributed in accordance with the Members' respective positive Capital Account balances and in accordance with Treas. Reg. §1.704-1(b)(2)(ii)(b)(2). The Members believe that distributions under Section 11.04 will effectuate such intent. In the event that, upon liquidation, there would otherwise be any conflict between a distribution pursuant to the Members' respective positive Capital Account balances and the intent of the Members with respect to distribution of proceeds as provided in Section 11.04, the Liquidator shall, notwithstanding the provisions of Sections 11.01, 11.02, 11.03 and 11.05, allocate the Company's gains, profits and losses in a manner that will, as nearly as possible, cause the distribution of liquidation proceeds to the Members to be in accordance both with the Members' economic expectations as set forth in Section 11.04 and their respective Capital Account balances. If the Company's gains, profits and losses are insufficient to cause the Members' Capital Accounts to be in such amounts as will permit liquidation proceeds to be distributed both in accordance with the Members' respective positive Capital Account balances and Section 11.04, then liquidation proceeds shall be distributed in accordance with the Members' respective positive Capital Account balances after the allocations described herein have been made.

(c) The Liquidator shall file all certificates and notices of the dissolution of the Company required by law. The Liquidator shall proceed without any unnecessary delay to sell and otherwise liquidate the Company's property and assets; provided, however, that if the Liquidator shall determine that an immediate sale of part or all of the Company property would cause undue loss to the Members, then in order to avoid such loss, the Liquidator may, except to the extent provided by the Act, defer the liquidation as may be necessary to satisfy the debts and liabilities of the Company to Persons other than the Members. Upon the complete liquidation and distribution of the Company assets, the Members shall cease to be Members of the Company, and the Liquidator shall execute, acknowledge and cause to be filed all certificates and notices required by the law to terminate the Company.

(d) Upon the dissolution of the Company pursuant to Section 12.01, the Accountants shall promptly prepare, and the Liquidator shall furnish to each Member, a statement setting forth the assets and liabilities of the Company upon its dissolution. Promptly following the complete liquidation and distribution of the Company property and assets, the Accountants shall prepare, and the Liquidator shall furnish to each Member, a statement showing the manner in which the Company assets were liquidated and distributed.

ARTICLE XIII
BOOKS AND RECORDS, ACCOUNTING,
TAX ELECTIONS, ETC.

13.01 Books of Account. The Managing Member shall keep proper and complete books of account for the Company. Such books of account shall be kept at the principal office of the Company and shall be open at all times for examination and copying by the Investor Member or its authorized representatives. The Managing Member shall retain such books of account for six

years after the later of the termination of the Company or the end of all applicable compliance periods under the Regulations. All decisions as to the fiscal year and accounting methods to be used by the Company shall be made only with the prior written Consent of the Investor Member. In addition, the Managing Member shall comply with all record keeping and record retention requirements applicable to low-income housing projects under the Code and Regulations, and shall provide such information to the Members for their compliance.

13.02 Financial Reports.

(a) Agreement with VHCC. The Company shall enter into an agreement with Virginia Housing Capital Corporation (“VHCC”), essentially in the form attached hereto as **Exhibit J**, pursuant to which VHCC will provide certain accounting and reporting services to the Company.

(b) Monthly Reports. Within ten days after the end of each month, the Managing Member shall deliver to the Members with respect to such month a cash flow statement for the Company, with a detailed itemization of all Company receipts and expenses, and with such additional information as shall be reasonably requested by the Members (the foregoing, collectively, the "Cash Flow Report"). Notwithstanding the foregoing, if the Investor Member believes that the Project is experiencing or may experience adverse operating results or any other material adverse condition, the Investor Member, by Notice to the Managing Member, may require the delivery of Cash Flow Reports within five days after the end of each month, until such time as the Investor Member believes that the adverse condition affecting the Project is no longer present or threatened. At Investor Member's request, copies of all proposed leases and tenant income certification information for the initial occupant of each dwelling unit shall be delivered concurrently with such Cash Flow Report prior to execution thereof by the Company.

(c) Governmental and Lender Reports. The Managing Member shall also deliver to the Investor Member any financial or performance report required to be provided by the Company to any federal, state or local governmental agency or to any Company lender. Any such report shall be delivered to the Investor Member within five days after such report is filed with any such governmental agency or Company lender.

13.03 Budgets and General Disclosure. The Managing Member shall prepare and deliver to the Investor Member no later than the 60 days prior to the beginning of each fiscal year of the Company a detailed annual operating and capital improvements budget for the operation of the Project during such fiscal year. Such budgets shall specifically list all budgeted expenses in all major categories including, but not limited to, administration, operation, repairs and maintenance, utilities, taxes, insurance, interest, debt service with respect to the Project Loans, capital improvements, and all budgeted expenses which are to be paid to the Managing Member or its Affiliates. Such a budget shall be deemed "approved" for purposes of this Agreement only when such budget has been approved by the Investor Member. The Managing Member shall keep the Investor Member informed concerning the general state of the business and financial condition of the Company and shall, upon the reasonable request of the Investor Member, furnish to the Investor Member full information, accounts and documentation concerning the state of the business and

financial condition of the Company. The Managing Member shall also provide the following statements or disclosures to the Investor Members:

(a) Semiannual Reports. Semiannually, within 45 days after the end of the second and fourth fiscal quarters of the Company, until the later to occur of the following events: (i) all Capital Contribution installments of the Investor Member have been made, or (ii) the Project is placed in service, a report on the status of the Company. Such report will include the following and will contain updated and revised information if there has been any change in facts previously reported.

(i) a description of the Project, including the status of construction or rehabilitation to be performed in connection with the Project (which information shall be provided on the Project until construction or rehabilitation is complete);

(ii) a description of the financing for the Project, including mortgage financing, any state or local government loans, any operating deficit guaranty, the Investor Member's Capital Contributions to the Company and any other contributions or loans to the Company;

(iii) a description of any applicable rental subsidy for the Project;

(iv) the terms of any performance bonds, development cost guarantees, operating deficit guarantees and other credit enhancements provided in connection with the Project;

(v) the fees, and other financial incentives provided to the Managing Member and its Affiliates; and

(vi) any draw or call upon or demand for payment of or under any operating deficit guarantee, operating reserve, contractor performance bonds or completion guarantee.

(b) Annual Reports. Within 100 days after the end of each fiscal year of the Company, a statement prepared by the Managing Member, which statement shall include the following:

(i) a report summarizing the fees, commissions, compensation and other remuneration and reimbursed expenses paid by the Company for such fiscal year to the Managing Member or any Affiliates of the Managing Member and the services performed;

(ii) a report of the activities and investments of the Company during the period covered by the report; and

(iii) a comparison of actual and projected tax benefits for the year.

The statement will be accompanied by audited financial statements of any Affiliate Guarantor.

(c) Demands for Payment. Within three business days of the exercise thereof, any draw or call upon or demand for payment of or under any operating deficit guarantee, operating reserve, contractor performance bonds or completion guarantee.

(d) Notices of Default. Immediately upon notice of such a default, any default by the Company in any loan, including any state or local government loan or other financial obligation, of the Company or its Managing Member.

(e) Notices of IRS Proceedings. Immediately upon receipt of such notice, any notice of any IRS proceeding or any other audit, review or inspection by an federal, state or local governmental agency or Project Lender involving the Company.

13.04 Tax Information. The Managing Member shall file all necessary tax forms related to the formation of the Company, including, if required, Form 8264 (related to the registration of a tax shelter). VHCC shall also provide such federal tax information as required under its agreement with the Company as set forth on Exhibit J.

13.05 Selection of Accountants. The Investor Member shall be entitled to select a firm of certified public accountants that are experienced in LIHTC and that will prepare the Company's year-end financial statements and the Company's annual tax returns. The fee of such accountants shall be paid by the Investor Member out of the accounting fee payable to it pursuant to Section 8.21 of this Agreement.

13.06 Section 754 Elections. In the event of a transfer of all or any part of the Interest of a Managing Member or of an Investor Member, the Company may elect, pursuant to Sections 743 and 754 of the Code (or any corresponding provision of succeeding law), to adjust the basis of the Company property if, in the opinion of the Investor Member, based upon the advice of the Accountants, such election would be most advantageous to the Investor Member. Each Member agrees to furnish the Company with all information necessary to give effect to such election.

13.07 Fiscal Year and Accounting Method. The fiscal year of the Company shall be the fiscal year of the Investor Member, which ends at December 31; provided, however, that upon request from the Investor Member, the fiscal year of the Company shall become the calendar year. All Company accounts shall be determined on an accrual basis.

13.08 Late Report Penalties. (i) In the event that the reports of information provided for in Sections 13.02(b) or 13.03 above are, at any time, not provided within the time frames set forth therein, the Managing Member shall be obligated to pay to the Investor Member the sum of \$200.00 per day, as liquidated damages, for each day from the date upon which such report(s) or information is (are) due pursuant to the provisions of the aforesaid Sections until the date upon which such report(s) or information is (are) provided in form acceptable to the Investor Member.

In the event that the reporting requirements set forth in any of the above provisions of this Article XIII are not met, the Investor Member, in its reasonable discretion, may direct the Managing Member to dismiss the Accountants, and to designate successor Accountants, subject to the approval of the Investor Member; provided, however, that if the Managing Member and the Investor Member cannot agree on the designation of successor Accountants, the successor Accountants shall be designated by the Investor Member in its sole reasonable discretion, and the fees of such successor Accountants shall be paid by the Managing Member.

ARTICLE XIV AMENDMENTS

14.01 Proposal and Adoption of Amendments. This Agreement may be amended by the Managing Member with the Consent of the Investor Member; provided that such Consent shall not be unreasonably withheld as to any proposed amendment which does not affect the obligations of the Managing Member or the rights of any of the Members under this Agreement; and further provided that, if the Investor Member proposes an amendment to this Agreement which either (a) increases or imposes upon the Investor Member the obligation to restore a deficit balance in its Capital Account, or (b) prospectively decreases the obligation of the Investor Member to restore a deficit balance in its Capital Account in a subsequent Fiscal Year of the Company, the Managing Member shall effectuate the adoption of such amendment; provided, however, that the Managing Member shall not be liable to the Investor Member for any adverse tax consequences that may result from any such increase or decrease.

ARTICLE XV CONSENTS, VOTING AND MEETINGS

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

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

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

ARTICLE XVI GENERAL PROVISIONS

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

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

16.03 Counterparts. This Agreement may be executed in several counterparts, each of which shall be deemed to be an original copy and all of which together shall constitute one agreement binding on all parties hereto, notwithstanding that all the parties shall not have signed the same counterpart.

16.04 Separability of Provisions. Each provision of this Agreement shall be considered separable, and if for any reason any provision which is not essential to the effectuation of the basic purposes of this Agreement is determined to be invalid and contrary to any existing or future law, such invalidity shall not impair the operation of or affect those provisions of this Agreement which are valid.

16.05 Entire Agreement. This Agreement sets forth all (and is intended by all parties to be an integration of all) of the representations, promises, agreements and understandings among the parties hereto with respect to the Company, the Company business and the property of the Company, and there are no representations, promises, agreements or understandings, oral or written, express or implied, among them other than as set forth or incorporated herein.

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

16.07 Environmental Protection.

(a) The Managing Member warrants and represents that to the best of the Managing Member's knowledge, after diligent inquiry, there presently are not, in, on, or under the Project nor will there be, in, on, or under the Project, upon completion of the construction: (i) any "hazardous substance" as that term is defined under the Comprehensive Environmental Response, Compensation and Liability Act of 1980, 42 U.S.C. §9601, et seq., as amended ("CERCLA"), or any other hazardous or toxic substance, waste or material or any other substance or pollutant that poses a risk to human health or the environment, including, but not limited to, petroleum in any form, lead-based paint, asbestos, urea formaldehyde insulation, methane gas, polychlorinated biphenyls ("PCBs") or radon, except for ordinary and necessary quantities of office supplies, cleaning materials and pest control supplies stored in a safe and lawful manner and petroleum products contained in motor vehicles (the "Hazardous Substances"); (ii) any underground storage tanks; (iii) accumulations of debris, mining spoil, spent batteries, except for ordinary garbage stored in receptacles for regular removal; (iv) or any other condition which could result in liability for an owner or operator of the Project under any federal, state, or local law, rule, regulation, or ordinance.

(b) The Managing Member further represents and warrants that (i) neither it nor, to the best of its knowledge, any other party has been, is or will be involved in operations at or, pursuant to the Managing Member's best knowledge, near the Land, which operations could lead to (A) a determination of liability under the Hazardous Waste Laws as to the Company or (B) the creation of a lien on the Land under the Hazardous Waste Laws or under any similar laws or regulations; and (ii) the Managing Member has not permitted, and will use best efforts not to permit, any tenant or occupant of the Project to engage in any activity that could impose liability under the Hazardous Waste Laws on such tenant or occupant, on the Land or on any other owner of the Project.

(c) The Managing Member further warrants and represents to the best of the Managing Member's knowledge that the Project is in compliance with all applicable Hazardous Waste Laws, and the Managing Member has not received notice of any violations of the Hazardous Waste Laws. The Managing Member covenants and agrees to take all necessary action within its control to ensure that the Project is in compliance with the Hazardous Waste Laws at all times and that the Project remains free from the presence of any Hazardous Substances in, on or under the Project. The Managing Member will promptly deliver any notice it may receive of any violation of the Hazardous Waste Laws to the Investor Member and the Special Member.

(d) The Managing Member agrees to indemnify and hold harmless the Company, the Investor Member, the Special Member, and any member of the Investor Member (the "Indemnified Parties") from and against all claims, actions, causes of action, liability, and expense (including, without limitation, attorneys' fees, court costs, and remedial and response costs) incurred or suffered by, or asserted by any person, entity, or governmental agency against the Indemnified Parties due to breach of the Managing Member of the Company's representations, warranties, or covenants, or a violation of the Hazardous Waste Laws, or the presence of Hazardous Substances in, on, or under the Project. The foregoing indemnification shall be a recourse obligation of the Managing Member and shall (to the full extent permitted by law) survive

the dissolution of the Company and the death, dissolution, retirement, incompetency, insolvency, bankruptcy, or withdrawal of the Managing Member.

(e) For purposes of this Agreement, the term "Hazardous Waste Laws" shall mean any governmental requirements pertaining to land use, air, soil, subsoil, surface water, groundwater (including the quality of, protection, clean-up, removal, remediation or damage of or to land, air, soil, subsoil, surface water and groundwater), including, without limitation, the following laws as the same may be from time to time amended: the Comprehensive Environmental Response Liability and Compensation Act, 42 U.S.C. § 9601, et seq., the Resource Conservation and Recovery Act, 42 U.S.C. §6901, et seq., the Toxic Substances Control Act, 15 U.S.C. § 2601 et seq., the Federal Water Pollution Control Act, 33 U.S.C. §1251 et seq., the Safe Drinking Water Act, 42 U.S.C. § 300f et seq., the Clean Air Act, 42 U.S.C. § 7401 et seq., the Rivers and Harbors Act, 33 U.S.C. § 401 et seq., the Transportation Safety Act of 1974, portions of which are located at 49 U.S.C. § 1801 et seq., the Endangered Species Act, 16 U.S.C. § 1531 et seq., or any so-called "superfund" or "superlien" law, together with any other foreign or domestic laws (federal, state, provincial or local), common law, local rule, regulation (including, without limitation, any future change in judicial or administrative decisions interpreting or applying any of the laws, rules or regulations referred to herein) relating to emissions, discharges, release or threatened releases of any Hazardous Substances into ambient air, land, soil, subsoil, surface water, groundwater, personal property or structures, or otherwise relating to the manufacture, processing distribution, use treatment, storage, disposal, transport, discharge or handling of any Hazardous Substances, now or at any time hereafter in effect.

16.08 Notices. All notices, demands, requests or other communications to be sent by one party to the other hereunder or required by law shall be in writing and shall be deemed to have been validly given or served by delivery of same in person to the addressee or by depositing same with Federal Express (or another nationally recognized overnight delivery service) for next business day delivery or by depositing same in the United States mail, postage prepaid, registered or certified mail, return receipt requested, addressed as follows:

(a) To the Investor Member:

Housing Equity Fund of Virginia XXII, L.L.C.
c/o Virginia Housing Capital Corporation
1840 West Broad Street, Suite 200
Richmond, Virginia 23220-2151
Attention: Arild O. Trent

with a copy to:

Applegate & Thorne-Thomsen, P.C.
425 S. Financial Place, Suite 1900
Chicago, Illinois 60605
Attention: Diane K. Corbett

(b) To the Managing Member:

Millview Management, L.L.C.
1173 West Main Street
Abingdon, VA
Attention: Robert Goldsmith

With a copy to:

Curcio & Curcio, PC
62 Commonwealth Avenue
Bristol, Virginia 24201
Attention: Peter Curcio

All notices, demands and requests shall be effective upon such personal delivery or upon being deposited with Federal Express (or another nationally recognized overnight delivery service) or in the United States mail as required above. However, with respect to notices, demands or requests so deposited with Federal Express (or another nationally recognized overnight delivery service) or in the United States mail, the time period in which a response to any such notice, demand or request must be given shall commence to run from the next business day following any such deposit with Federal Express (or another nationally recognized overnight delivery service) or, in the case of a deposit in the United States mail as provided above, the date on the return receipt of the notice, demand or request reflecting the date of delivery or rejection of the same by the addressee thereof. Rejection or other refusal to accept or the inability to deliver because of changed address of which no notice was given shall be deemed to be receipt of the notice, demand or request sent. By giving to the other party hereto at least 30 days' written notice thereof in accordance with the provisions hereof, the parties hereto shall have the right from time to time to change their respective addresses and each shall have the right to specify as its address any other address within the United States of America.

16.09 Headings. All section headings are for convenience only and shall not be taken into consideration in interpreting or otherwise construing this Agreement.

16.10. Pronouns and Plurals. All pronouns and any variations thereof shall be deemed to refer to the masculine, feminine, neuter, singular or plural, as the identity of the person or persons may require.

16.11. VHDA Mortgage Requirements. Notwithstanding any other provision of this Agreement, this limited liability company and the Members shall be subject to regulation and supervision by the Virginia Housing Development Authority ("VHDA") in accordance with the Virginia Housing Development Authority Act, the Rules and Regulations of VHDA, and the Regulatory Agreement executed or to be executed by the Company for the benefit of VHDA and shall be further subject to the exercise by VHDA of the rights and powers conferred on VHDA

thereby. Notwithstanding any other provision of this Agreement, VHDA may rely upon the continuing effect of this provision which shall not be amended, altered, waived, supplemented or otherwise changed without the prior written consent of VHDA.

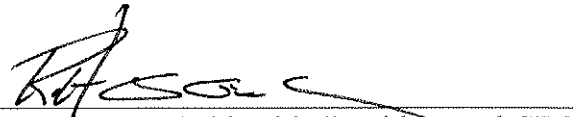
IN WITNESS WHEREOF, the parties have affixed their signatures and seals to this Amended and Restated Operating Agreement of Millview Apartments, L.L.C. as of the date first written above.

241411v2

MANAGING MEMBER:

Millview Management, L.L.C., a Virginia limited liability company

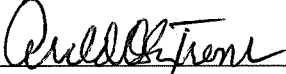
By: People Incorporated Housing Group, a Virginia corporation, its sole member

By: 
Robert G. Goldsmith, President and CEO

INVESTOR MEMBER:

Housing Equity Fund of Virginia XXII, L.L.C., a
Virginia limited liability company

By: Virginia Housing Capital Corporation, its
managing member

By: 
Arild O. Trent, Vice President

SPECIAL MEMBER:

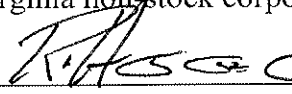
VAHM, LLC, a Virginia limited liability company

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

WITHDRAWING INVESTOR MEMBER:

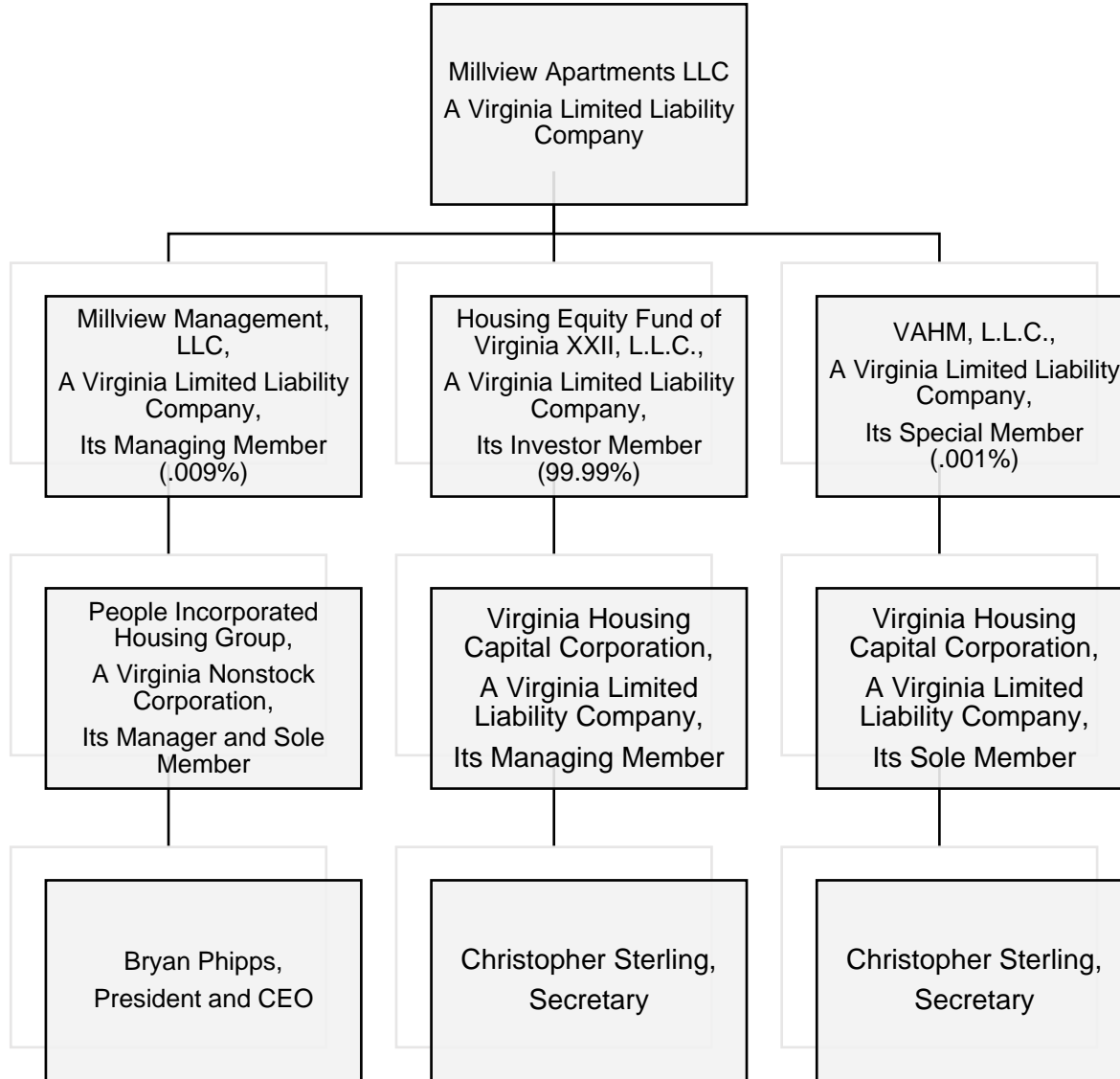
People Incorporated of Virginia,
a Virginia non-stock corporation

By:



Robert G. Goldsmith, President

MILLVIEW APARTMENTS – ORGANIZATIONAL CHART



Low-Income Housing Credit Allocation and Certification

OMB No. 1545-0988

▶ Go to www.irs.gov/Form8609 for instructions and the latest information.

Part I Allocation of Credit

Check if: Addition to Qualified Basis Amended Form

A Address of building (do not use P.O. box) (see instructions) 401 North Church Street Remington, VA 22734	B Name and address of housing credit agency Virginia Housing Development Authority 601 S. Belvidere Street Richmond, VA 23220
C Name, address, and TIN of building owner receiving allocation Millview Apartments, L.L.C. 1173 West Main Street Abingdon, VA 24210 TIN ▶ 82-3060015	D Employer identification number of agency 54-0921892 E Building identification number (BIN) VA1818001

1a Date of allocation ▶ 12/17/2018	b Maximum housing credit dollar amount allowable	1b	\$65,800
2 Maximum applicable credit percentage allowable (see instructions)		2	9.00 %
3a Maximum qualified basis		3a	\$731,111
b Check here <input checked="" type="checkbox"/> if the eligible basis used in the computation of line 3a was increased under the high-cost area provisions of section 42(d)(5)(B). Enter the percentage to which the eligible basis was increased (see instructions)		3b	1 3 0 %
4 Percentage of the aggregate basis financed by tax-exempt bonds. (If zero, enter -0-.)		4	0.00 %
5 Date building placed in service ▶ 10/2/2020			
6 Check the boxes that describe the allocation for the building (check those that apply):			
a <input type="checkbox"/> Newly constructed and federally subsidized b <input type="checkbox"/> Newly constructed and not federally subsidized c <input type="checkbox"/> Existing building			
d <input type="checkbox"/> Sec. 42(e) rehabilitation expenditures federally subsidized e <input checked="" type="checkbox"/> Sec. 42(e) rehabilitation expenditures not federally subsidized			
f <input checked="" type="checkbox"/> Allocation subject to nonprofit set-aside under sec. 42(h)(5)			

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

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

	John D. Bondurant, Authorized Officer Name (please type or print)	9.29.21 Date
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Part II First-Year Certification—Completed by Building Owners with respect to the First Year of the Credit Period

7 Eligible basis of building (see instructions)	7 1,702,724
8a Original qualified basis of the building at close of first year of credit period	8a 1,702,724
b Are you treating this building as part of a multiple building project for purposes of section 42 (see instructions)?	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No
9a If box 6a or box 6d is checked, do you elect to reduce eligible basis under section 42(f)(2)(B)?	<input type="checkbox"/> Yes <input type="checkbox"/> No
b For market-rate units above the average quality standards of low-income units in the building, do you elect to reduce eligible basis by disproportionate costs of non-low-income units under section 42(d)(3)(B)?	<input type="checkbox"/> Yes <input type="checkbox"/> No
10 Check the appropriate box for each election.	
Caution: Once made, the following elections are irrevocable.	
a Elect to begin credit period the first year after the building is placed in service (section 42(f)(1))	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
b Elect not to treat large partnership as taxpayer (section 42(j)(5))	<input type="checkbox"/> Yes
c Elect minimum set-aside requirement (section 42(g)) (see instructions):	
<input type="checkbox"/> 20-50 <input checked="" type="checkbox"/> 40-60 <input type="checkbox"/> Average income <input type="checkbox"/> 25-60 (N.Y.C. only)	
d Elect deep rent skewed project (section 142(d)(4)(B)) (see instructions)	<input type="checkbox"/> 15-40

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

	82-3060015 Taxpayer identification number	5 Oct 21 Date
Robert G. Goldsmith Name (please type or print)	2020 First year of the credit period	

Low-Income Housing Credit Allocation and Certification

► Go to www.irs.gov/Form8609 for instructions and the latest information.

OMB No. 1545-0988

Part I Allocation of Credit

Check if: Addition to Qualified Basis Amended Form

A Address of building (do not use P.O. box) (see instructions)
 102 West Bowen Street
 Remington, VA 22734

B Name and address of housing credit agency
 Virginia Housing Development Authority
 601 S. Belvidere Street
 Richmond, VA 23220

C Name, address, and TIN of building owner receiving allocation
 Millview Apartments, L.L.C.
 1173 West Main Street
 Abingdon, VA 24210

D Employer identification number of agency
 54-0921892

E Building identification number (BIN)
 VA1818002

TIN ► 82-3060015

1a Date of allocation ► 12/17/2018	b Maximum housing credit dollar amount allowable	1b	\$43,867
2 Maximum applicable credit percentage allowable (see instructions)		2	9.00 %
3a Maximum qualified basis		3a	\$487,411
b Check here ► <input checked="" type="checkbox"/> if the eligible basis used in the computation of line 3a was increased under the high-cost area provisions of section 42(d)(5)(B). Enter the percentage to which the eligible basis was increased (see instructions)		3b	1 3 0 %
4 Percentage of the aggregate basis financed by tax-exempt bonds. (If zero, enter -0-)		4	0.00 %
5 Date building placed in service	► 12/1/2020		
6 Check the boxes that describe the allocation for the building (check those that apply):			
a <input type="checkbox"/> Newly constructed and federally subsidized	b <input type="checkbox"/> Newly constructed and not federally subsidized	c <input type="checkbox"/> Existing building	
d <input type="checkbox"/> Sec. 42(e) rehabilitation expenditures federally subsidized	e <input checked="" type="checkbox"/> Sec. 42(e) rehabilitation expenditures not federally subsidized		
f <input checked="" type="checkbox"/> Allocation subject to nonprofit set-aside under sec. 42(h)(5)			

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

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

John D. Bondurant
 Signature of authorized official

John D. Bondurant, Authorized Officer
 Name (please type or print)

9/29/21
 Date

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

7 Eligible basis of building (see instructions)	7	1,135,148
8a Original qualified basis of the building at close of first year of credit period	8a	1,135,148
b Are you treating this building as part of a multiple building project for purposes of section 42 (see instructions)?	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No	
9a If box 6a or box 6d is checked, do you elect to reduce eligible basis under section 42(i)(2)(B)?	<input type="checkbox"/> Yes <input type="checkbox"/> No	
b For market-rate units above the average quality standards of low-income units in the building, do you elect to reduce eligible basis by disproportionate costs of non-low-income units under section 42(d)(3)(B)?	<input type="checkbox"/> Yes <input type="checkbox"/> No	
10 Check the appropriate box for each election. Caution: Once made, the following elections are irrevocable.		
a Elect to begin credit period the first year after the building is placed in service (section 42(f)(1))	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No	
b Elect not to treat large partnership as taxpayer (section 42(j)(5))	<input type="checkbox"/> Yes	
c Elect minimum set-aside requirement (section 42(g)) (see instructions): <input type="checkbox"/> 20-50 <input checked="" type="checkbox"/> 40-60 <input type="checkbox"/> Average income <input type="checkbox"/> 25-60 (N.Y.C. only)		
d Elect deep rent skewed project (section 142(d)(4)(B)) (see instructions)	<input type="checkbox"/> 15-40	

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

Robert G. Goldsmith
 Signature

Robert G. Goldsmith
 Name (please type or print)

82-3060015
 Taxpayer identification number

2021
 First year of the credit period

5 Oct 21
 Date

Low-Income Housing Credit Allocation and Certification

▶ Go to www.irs.gov/Form8609 for instructions and the latest information.

OMB No. 1545-0988

Part I Allocation of Credit

Check if: Addition to Qualified Basis Amended Form

A Address of building (do not use P.O. box) (see instructions) 106 West Bowen Street Remington, VA 22734	B Name and address of housing credit agency Virginia Housing Development Authority 601 S. Belvidere Street Richmond, VA 23220
C Name, address, and TIN of building owner receiving allocation Millview Apartments, L.L.C. 1173 West Main Street Abingdon, VA 24210 TIN ▶ 82-3060015	D Employer identification number of agency 54-0921892 E Building identification number (BIN) VA1818003

1a Date of allocation ▶ 12/17/2018	b Maximum housing credit dollar amount allowable	1b	\$43,867
2 Maximum applicable credit percentage allowable (see instructions)		2	9.00 %
3a Maximum qualified basis		3a	\$487,411
b Check here <input checked="" type="checkbox"/> if the eligible basis used in the computation of line 3a was increased under the high-cost area provisions of section 42(d)(5)(B). Enter the percentage to which the eligible basis was increased (see instructions)		3b	1 3 0 %
4 Percentage of the aggregate basis financed by tax-exempt bonds. (If zero, enter -0-.)		4	0.00 %
5 Date building placed in service ▶ 2/26/2021			

- 6 Check the boxes that describe the allocation for the building (check those that apply):
- a Newly constructed and federally subsidized
 - b Newly constructed and not federally subsidized
 - c Existing building
 - d Sec. 42(e) rehabilitation expenditures federally subsidized
 - e Sec. 42(e) rehabilitation expenditures not federally subsidized
 - f Allocation subject to nonprofit set-aside under sec. 42(h)(5)

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

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

John D. Bondurant, Authorized Officer
9.29.21
Signature of authorized official
Name (please type or print)
Date

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

7 Eligible basis of building (see instructions)	7 1,135,148
8a Original qualified basis of the building at close of first year of credit period	8a 1,135,148
b Are you treating this building as part of a multiple building project for purposes of section 42 (see instructions)?	
<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No	
9a If box 6a or box 6d is checked, do you elect to reduce eligible basis under section 42(i)(2)(B)?	
<input type="checkbox"/> Yes <input type="checkbox"/> No	
b For market-rate units above the average quality standards of low-income units in the building, do you elect to reduce eligible basis by disproportionate costs of non-low-income units under section 42(d)(3)(B)?	
<input type="checkbox"/> Yes <input type="checkbox"/> No	
10 Check the appropriate box for each election.	
Caution: Once made, the following elections are irrevocable.	
a Elect to begin credit period the first year after the building is placed in service (section 42(f)(1))	
<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No	
b Elect not to treat large partnership as taxpayer (section 42(j)(5))	
<input type="checkbox"/> Yes	
c Elect minimum set-aside requirement (section 42(g)) (see instructions):	
<input type="checkbox"/> 20-50 <input checked="" type="checkbox"/> 40-60 <input type="checkbox"/> Average income <input type="checkbox"/> 25-60 (N.Y.C. only)	
d Elect deep rent skewed project (section 142(d)(4)(B)) (see instructions)	
<input type="checkbox"/> 15-40	

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

82-3060015
5 Oct 21
Signature
Taxpayer identification number
Date
Robert G. Goldsmith
2021
Name (please type or print)
First year of the credit period

**PENNINGTON GAP APARTMENTS, L.L.C,
A VIRGINIA LIMITED LIABILITY COMPANY**

AMENDED AND RESTATED OPERATING AGREEMENT

As of November 13, 2018

THE MEMBERSHIP INTERESTS EVIDENCED BY THIS AMENDED AND RESTATED OPERATING AGREEMENT (THE "AGREEMENT") HAVE NOT BEEN REGISTERED WITH THE SECURITIES AND EXCHANGE COMMISSION UNDER THE SECURITIES ACT OF 1933 (THE "ACT") OR PURSUANT TO APPLICABLE STATE SECURITIES LAWS ("BLUE SKY LAWS"). ACCORDINGLY, THE MEMBERSHIP INTERESTS CANNOT BE RESOLD OR TRANSFERRED BY ANY PURCHASER THEREOF WITHOUT REGISTRATION OF THE SAME UNDER THE ACT AND THE BLUE-SKY LAWS OF SUCH STATE(S) AS MAY BE APPLICABLE, OR IN A TRANSACTION WHICH IS EXEMPT FROM THE REGISTRATION REQUIREMENTS OF THE ACT AND THE BLUE-SKY LAWS OR WHICH IS OTHERWISE IN COMPLIANCE THEREWITH. IN ADDITION, THE SALE OR TRANSFER OF SUCH MEMBERSHIP INTERESTS IS SUBJECT TO CERTAIN RESTRICTIONS SET FORTH IN THIS AGREEMENT, INCLUDING WITHOUT LIMITATION, THE RESTRICTIONS SET FORTH IN ARTICLE IX HEREOF.

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**PENNINGTON GAP APARTMENTS, L.L.C.
A VIRGINIA LIMITED LIABILITY COMPANY**

AMENDED AND RESTATED OPERATING AGREEMENT

THIS AMENDED AND RESTATED OPERATING AGREEMENT is made and entered into as of November __, 2018, by and among Pennington Gap Management, L.L.C., a Virginia limited liability company (the "Managing Member"), People Incorporated of Virginia, a Virginia nonstock corporation, the Withdrawing Investor Member (the "Withdrawing Investor Member"), Housing Equity Fund of Virginia XXI, L.L.C., a Virginia limited liability company ("HEF XXI") and Housing Equity Fund of Virginia XXII, L.L.C., a Virginia limited liability company ("HEF XXII" and with HEF XXI, collectively, the "Investor Member") and VAHM, LLC, a Virginia limited liability company formed under the laws of the Commonwealth of Virginia (the "Special Member").

WHEREAS, Peter Curcio organized Pennington Gap Apartments, L.L.C. (the "Company") pursuant to the terms of the Virginia Limited Liability Company Act (the "Act"), by filing Certificate of Organization (the "Certificate") with the State Corporation Commission of the Commonwealth of Virginia (the "State of Formation") on January 28, 2015;

WHEREAS, People Incorporated Housing Group, (the "Initial Managing Member"), and the Withdrawing Investor Member previously executed a limited liability company operating agreement pursuant to Section 13.1-1023(2) of the Code of Virginia effective February 29, 2016 (the "Original Operating Agreement");

WHEREAS, the Withdrawing Investor Member wishes to withdraw from the Company;

WHEREAS, the Investor Member and Special Member wish to join the Company as Investor Member and Special Member, respectively;

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

WHEREAS, the Company has been formed to develop, rehabilitate, own, maintain and operate a 40-unit low income housing tax credit development, located at 1750 Combs Road and 161 Terrace Road, Pennington Gap, Virginia (the "Project");

WHEREAS, the parties hereto now desire to enter into this Amended and Restated Operating Agreement to (i) continue the Company under the Act; (ii) withdraw the Withdrawing Investor Member from the Company; (iii) admit the Investor Member and Special Member to the Company as members; and (iv) set forth all of the provisions governing the Company;

NOW, THEREFORE, in consideration of the foregoing, of mutual promises of the parties hereto and of other good and valuable consideration, the receipt and sufficiency of which hereby are acknowledged, the parties hereby agree to continue the Company pursuant to the Act, as set forth in this Amended and Restated Operating Agreement, which reads in its entirety as follows:

ARTICLE I
CONTINUATION OF COMPANY

1.01 Continuation. The undersigned hereby continue the Company as a limited liability company under the Act.

1.02 Name. The name of the Company is Pennington Gap Apartments, L.L.C.

1.03 Principal Place of Business. The principal place of business of the Company shall be 1173 Main Street, Abingdon, Virginia 24210. The Company may change the location of its principal place of business to such other place or places within the Commonwealth of Virginia as may hereafter be determined by the Managing Member. The Managing Member shall promptly notify all other Members of any change in the principal place of business. The Company may maintain such other offices at such other place or places as the Managing Member may from time to time deem advisable.

1.04 Agent for Service of Process. The name of the Agent for service of process is Peter Curcio, who is a resident of Virginia and a member of the Virginia State Bar, and whose address is 600 Cumberland Street, Bristol, Virginia, 24201, in the city of Bristol.

1.05 Withdrawal of Withdrawing Investor Member and Admission of Investor Member and Special Member. The Withdrawing Investor Member hereby withdraws as a Member of the Company and represents and warrants that he/she/it has no interest in the Company and is not entitled to any fees, distributions, compensation or payments from the Company and that he/she/it has no interest in any property or assets of the Company. The Investor Member and Special Member are hereby admitted to the Company as the sole Investor Member and Special Member.

1.06 Term. The term of the Company commenced as of the date of the filing of the Certificate with the Secretary of the Commonwealth of Virginia, and shall continue in perpetuity, unless the Company is sooner dissolved in accordance with the provisions of this Agreement.

1.07 Recording of Articles. Upon the execution of this Amended and Restated Operating Agreement by the parties hereto, the Managing Member shall take all actions necessary to assure the prompt recording of an amendment to the Certificate if and as required by the Act, including filing with the State Corporation Commission of the Commonwealth of Virginia. All fees for filing shall be paid out of the Company's assets. The Managing Member shall take all other necessary action required by law to perfect and maintain the Company as a limited liability company under the laws of

the State and shall register the Company under any assumed or fictitious name statute or similar law in force and effect in the Commonwealth of Virginia.

ARTICLE II DEFINED TERMS

In addition to the terms defined in the preamble to this Agreement, the following terms used in this Agreement shall have the meanings specified below:

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

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

"Act" means the Virginia Limited Liability Company Act, as may be amended from time to time during the term of the Company.

"Actual Credit" means as of any point in time, the total amount of the LIHTC allocated by the Company to the Investor Member, representing ninety-nine and ninety-nine hundredths percent (99.99%) of the aggregate LIHTC reported and claimed by the Company and its Members on their respective federal information and income tax returns, and not disallowed by any taxing authority.

"Adjusted Capital Account Deficit" means, with respect to any Member, the deficit balance, if any, in such Member's Capital Account as of the end of the relevant fiscal period after giving effect to the following adjustments: (a) the credit to such Capital Account of any amounts which such Member is obligated to restore under this Agreement or is deemed to be obligated to restore pursuant to either (i) the penultimate sentences of Treas. Reg. §1.704-2(g)(1) and Treas. Reg. §1.704-2(i)(5), or (ii) amounts that the Member is treated as obligated to restore under Treas. Reg. §1.704-1(b)(2)(ii)(c); and (b) the debit to such Capital Account of the amounts described in Treas. Reg. §1.704-1(b)(2)(ii)(d)(4), (5) and (6). The foregoing definition of Adjusted Capital Account Deficit is intended to comply with the provisions of Treas. Reg. §1.704-1(b)(2)(ii)(d) and shall be interpreted consistently therewith.

"Affiliate" of a specified Person means (i) any Person directly or indirectly controlling, controlled by or under common control with the Person specified, (ii) any Person owning or controlling ten percent (10%) or more of the outstanding voting securities or beneficial interests of the Person specified, (iii) any officer, director, partner, trustee or member of the immediate family of the Person specified, (iv) if the Person specified is an officer, director, partner, managing member or trustee, any corporation, limited partnership, limited liability company or trust for which that Person acts in that capacity, or (v) any Person who is an officer, director, managing member, general partner,

trustee or holder of ten percent (10%) or more of the outstanding voting securities or beneficial interests of any Person described in clauses (i) through (iv). The term “control” (including the term “controlled by” and “under common control with”) means the possession, direct or indirect, of the power to direct or cause the direction of the management and policies of a Person, whether through the ownership of voting securities, by contract or otherwise.

"Affiliate Guarantor" means People Incorporated Housing Group which is an Affiliate of the Managing Member.

"Affiliate Guaranty" means the guaranty of the performance of the obligations of the Managing Member under this Agreement and the obligations of the Developer under the Development Agreement for the benefit of the Investor Member given by the Affiliate Guarantor, which Affiliate Guaranty is in the form of **Exhibit D**.

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

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

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

"Articles" means the Company's Articles of Organization or any other instrument or document which is required under the laws of the State of Formation to be signed by the Managing Member and filed in the appropriate public offices within the State of Formation to perfect or maintain the Company as a limited liability company under the laws of the State of Formation, to effect the admission, withdrawal or substitution of any Member of the Company, or to protect the limited liability of the Investor Members as members under the laws of the Commonwealth of Virginia.

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

"Assumed Managing Member Tax Liability" means for any given year the product of (i) the sum of (A) the Profits, if any, allocated to the Managing Member pursuant to Section 11.01(b) plus (B) any items of income, gain, loss, deduction or credit which are specially allocated to the Managing

Member pursuant to Sections 11.07(a) and (d) through (j) times (ii) a percentage equal to the sum of (C) the highest federal corporate tax rate for such year plus (D) the highest state corporate tax rate for such year.

"Authority" or "Authorities" means any nation or government, any state or other political subdivision thereof, and any entity exercising its executive, legislative, judicial, regulatory or administrative functions of or pertaining to government, including but not limited to, any federal, state or municipal department, commission, board, bureau, agency, court, tribunal or instrumentality.

"Bankruptcy" or "Bankrupt" as to any Person means the filing of a petition for relief as to any such Person as debtor or bankrupt under the Bankruptcy Act of 1898 or the Bankruptcy Code of 1978 or like provision of law (except if such petition is contested by such Person and has been dismissed within 60 days); insolvency of such Person as finally determined by a court proceeding; filing by such Person of a petition or application to accomplish the same or for the appointment of a receiver or a trustee for such Person or a substantial part of his assets; commencement of any proceedings relating to such Person under any other reorganization, arrangement, insolvency, adjustment of debt or liquidation law of any jurisdiction, whether now in existence or hereinafter in effect, either by such Person or by another, provided that if such proceeding is commenced by another, such Person indicates his approval of such proceeding, consents thereto or acquiesces therein, or such proceeding is contested by such Person and has not been finally dismissed within 60 days.

"Breakeven Operations" means the date following Final Closing upon which the gross operating revenues from the normal operation of the Project received on a cash basis (including all public subsidy payments due and payable at such time but not yet received by the Company) for a period of three (3) consecutive calendar months after Final Closing equals or exceeds all accrued operational costs of the Project, including, but not limited to, taxes, assessments, reserve fund for replacement deposits and debt service payments, the Accounting Fee and a ratable portion of the annual amount (as reasonably estimated by the Managing Member) of those seasonal and/or periodic expenses (such as utilities, maintenance expenses and real estate taxes or service charges in lieu of real estate taxes) which might reasonably be expected to be incurred on an unequal basis during a full annual period of operation, for such period of three (3) consecutive calendar months on an annualized basis (based on projections of the Company), as evidenced by a certification of the Managing Member with an accompanying unaudited balance sheet of the Company indicating that all trade payables have been satisfied (or with respect to trade payables within sixty (60) days of the date the services were performed or goods were delivered, the trade payables shall not be past due and the Company shall have an adequate cash reserve for the payment of such trade payables), all as shall be subject to the approval of the Investor Member. For the purpose of calculating Breakeven Operations only, the following costs shall not be considered operating costs of the Project: (i) payments of the Asset Management Fee and Incentive Management Fee; (ii) payments to be made under the Development Agreement; and (iii) any debt service payments payable out of Net Cash Flow.

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

"Capital Account" means the capital account of a Member as described in Section 11.06.

"Capital Contribution" means the total amount of money or other property contributed or agreed to be contributed, as the context requires, to the Company by each Member pursuant to the terms of this Agreement. Any reference to the Capital Contribution of a Member shall include the Capital Contribution made by a predecessor holder of the Interest of such Member.

"Capital Transaction" means any transaction out of the ordinary course of the Company's business which is capital in nature, including without limitation, the disposition, whether by sale (except when such sale proceeds are to be used pursuant to a plan or budget approved by all of the Members), casualty (where the proceeds are not to be used for reconstruction), condemnation, refinancing or similar event of any part or all of the Project.

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

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

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

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

"Certified Credits" means ninety-nine and ninety-nine hundredths percent (99.99%) of the annual LIHTC that the Accountants certify in writing to the Company that the Company will be able to claim during each full fiscal year during the Credit Period for all buildings in the Project assuming full compliance with the rent restrictions and income limitations of Section 42 of the Code. The calculation of the Certified Credits shall be based, among other things, on the Form(s) 8609 issued by the Agency for all the buildings comprising the Project and on the cost certification prepared in connection with the application by the Company for Form(s) 8609. Once the Certified Credits are determined, they shall not be adjusted during the term of this Agreement; provided, however, if with respect to an LIHTC Recapture Event the Managing Member makes a payment under Section 8.11(c), then the Certified Credits shall be reduced prospectively by the annual reduction in LIHTC attributable to such LIHTC Recapture Event.

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

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

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

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

"Company" means Pennington Gap Apartments, L.L.C., a Virginia limited liability company.

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

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

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

"Construction Contract" means the construction contract in the guaranteed maximum amount of \$1,638,000 including all exhibits and attachments thereto) to be entered into between the Company and the Contractor, pursuant to which the Project is to be rehabilitated. Such Construction Contract shall be subject to the Consent of the Investor Member.

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

"Contractor" means People Incorporated of Virginia, a Virginia non-stock corporation, which is the general construction contractor for the Project.

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

"Counsel" or "Counsel for the Company" means Curcio & Curcio, PC, or such other attorney or law firm upon which the Investor Member and the Managing Member shall agree; provided, however, that if any section of this Agreement either (i) designates particular counsel for the purpose described therein, or (ii) provides that counsel for the purpose described therein shall be chosen by another method or by another Person, then such designation or provision shall prevail over this general definition.

"Credit Period" means the ten-year "credit period" as defined in and determined in accordance with Section 42(f) of the Code.

"Debt Service Coverage Ratio" shall mean a fraction, the numerator of which is the difference between all cash actually received by the Company on a cash basis from normal operations less all accrued operational costs of the Project, including any required deposits to a capital replacement reserve, and the denominator of which is all debt service, reserve, mortgage insurance premium and/or other cash requirements imposed by the Project Loan documents properly allocable to a particular period on an annualized basis, as determined by the Accountants (but not including loans to be repaid solely from available Net Cash Flow).

"Designated Individual" means the person appointed by the Partnership Representative to be the "designated individual" with the sole authority to bind the Partnership Representative pursuant to the Code and Treasure Regulations.

"Developer" means People Incorporated Housing Group., a Virginia nonstock corporation.

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

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

"Development Costs" means all of the following: (i) all direct or indirect costs paid or accrued by the Company related to the acquisition of the Land (and any improvements thereon) and the development or rehabilitation of the Project, including payment of the Development Fee, amounts due under the Construction Contract, any construction cost overruns, the cost of any change orders and all costs necessary to achieve Substantial Completion; (ii) all costs to achieve Initial Closing and Final Closing, and satisfy any escrow deposit requirements which are conditions to the Final Closing, including any amounts necessary for local taxes, utilities, mortgage insurance premiums, casualty and liability insurance premiums, and any applicable loan fees, discounts or other expenses; (iii) for the period prior to Breakeven Operations, all costs, payments and deposits needed to avoid a default under any Project Loan, including without limitation, all required deposits to satisfy any requirements of a Project Lender to keep a Project Loan "in balance"; (iv) all costs and expenses relating to remedying any environmental problem or condition or Hazardous Materials that existed on or prior to Final Closing; and (v) all Operating Deficits incurred by the Company prior to Breakeven Operations and the achievement of at least 95% physical and economic occupancy during the six-month period while Breakeven Operations are achieved.

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

“DHCD HOME Loan” means the Project Loan from the Sponsor to the Company using proceeds of a loan from the Department of Housing and Community Development, its successors and assigns (“DHCD”) HOME Program identified on **Exhibit F** attached hereto.

“DHCD VHTF Loan” means the Project Loan from the Sponsor to the Company using proceeds of a loan from DHCD Virginia Housing Trust Fund identified on **Exhibit F** attached hereto;

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

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

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

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

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

“Extended Use Agreement” means the Extended Use Regulatory Agreement and Declaration of Restrictive Covenants executed by the Company and the Agency dated as of July 1, 2015, setting forth certain terms and conditions under which the Project is to be operated.

“Final Closing” means the occurrence of all of the following: (i) Substantial Completion, (ii) approval by the Project Lenders, if any, of the Company's certification of actual costs as to the development and construction or rehabilitation of the Project, (iii) disbursement by all Project Lenders of any and all previously undisbursed Project Loan proceeds including the funding of the Permanent Loan under Documents acceptable to the Investor Member, and (iv) commencement of amortization as to all Project Loans (to the extent any Project Loan requires principal amortization).

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

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

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

“Hazardous Substances” has the meaning set forth in Section 16.07(e).

“Hazardous Waste Laws” has the meaning set forth in Section 16.07(e).

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

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

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

"Initial Closing" means the date upon which one or more of the Project Loans is closed and the initial disbursement is made thereunder. The Initial Closing is anticipated to occur on November 13, 2018.

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

"Interest" or "Company Interest" means the ownership interest of a Member in the Company at any particular time, including the right of such Member to any and all benefits to which such Member may be entitled as provided in this Agreement and in the Act, together with the obligations of such Member to comply with all the terms and provisions of this Agreement and of said Act.

"Investor Member" means, initially and collectively, Housing Equity Fund of Virginia XXI, L.L.C., a Virginia limited liability company and Housing Equity Fund of Virginia XXII, L.L.C., a Virginia limited liability company.

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

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

"Land" means the tract of land currently owned or to be purchased by the Company upon which the Project will be located, as more particularly described on **Exhibit C** attached hereto.

"Late Delivery Capital Adjustment" has the meaning set forth in Section 5.01(e)(i).

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

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

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

"LIHTC Recapture Event" means (a) the filing of a tax return by the Company evidencing a reduction in the qualified basis of the Project causing a recapture of LIHTC previously allocated to the Investor Member, (b) a reduction in the qualified basis of the Project following an audit by the

IRS which results in the assessment of a deficiency by the IRS against the Company with respect to any LIHTC previously claimed in connection with the Project, unless the Company shall timely file a petition with respect to such deficiency with the United States Tax Court and any other federal tax court of competent jurisdiction and the collection of such assessment shall be stayed pending the disposition of such petition, (c) a decision by the United States Tax Court or any other federal court of competent jurisdiction upholding the assessment of such deficiency against the Company with respect to any LIHTC previously claimed in connection with the Project, unless the Company shall timely appeal such decision and the collection of such assessment shall be stayed pending the disposition of such appeal, or (d) the decision of a federal court of competent jurisdiction affirming such decision.

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

“LIHTC Shortfall” means, as to any period of time, the difference between the Certified Credit for such period of time and the Actual Credit for such period of time. For purposes of determining the amount of the LIHTC Shortfall for a particular period of time, if there is an adjustment to Capital Contributions under Section 5.01(e) because of a Late Delivery Capital Adjustment, the LIHTC Shortfall for such period of time shall be reduced by the Late Delivery Capital Adjustment.

“Liquidator” means the Managing Member or, if there is none at the time in question, such other Person who may be appointed in accordance with applicable law and who shall be responsible for taking all action necessary or appropriate to wind up the affairs of, and distribute the assets of, the Company upon its dissolution.

“Loan Agreement” means any loan agreement and/or similar agreement with respect to the terms and conditions of the making of any of the Project Loans, which will be entered into between the Company and any one of the Project Lenders at or prior to the Final Closing.

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

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

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

“Managing Member” means Pennington Gap Management, L.L.C., a Virginia limited liability company and any other Person admitted as a Managing Member pursuant to this Agreement, and their respective successors as any such successor may be admitted pursuant to this Agreement, including those Persons admitted pursuant the provisions of Sections 6.02 and 6.03.

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

"Managing Member's Special Capital Contribution" has the meaning set forth in Section 5.01(b).

"Member" means any Managing Member, Investor Member or Special Member.

"Member Nonrecourse Debt" means any Nonrecourse Debt (or portion thereof) for which a Member or related Person (within the meaning of Treas. Reg. §1.752-4(b)) bears (or is deemed to bear) the Economic Risk of Loss.

"Member Nonrecourse Deductions" has the meaning set forth in Treas. Reg. §1.704-2(i)(2), and the amount of Member Nonrecourse Deductions with respect to a Member Nonrecourse Debt for a fiscal year shall be determined in accordance with the rules of Treas. Reg. §1.704-2(i)(2).

"Minimum Gain" means the amount determined by computing with respect to each Nonrecourse Debt the amount of gain, if any, that would be realized by the Company if it disposed of the asset securing such liability (in a taxable transaction) in full satisfaction thereof (and for no other consideration), and by then aggregating the amounts so computed. For purposes of determining the amount of such gain with respect to a liability, the adjusted basis for federal income tax purposes of the asset securing the liability shall be allocated among all the liabilities that the asset secures in the manner set forth in Treas. Reg. §1.704-2(d)(2).

"Minimum Set-Aside Test" means the set-aside test selected by the Company pursuant to Section 42(g) of the Code with respect to the percentage of units in its Project to be occupied by tenants with incomes equal to no more than a certain percentage of area median income. The Company has selected or will select the **40–60 Set-Aside Test** as restricted by Code Section 42(g)(1) to require at least 40% of the units in the Project be occupied by individuals with incomes of 60% or less of area median income, as adjusted for family size, as the Minimum Set-Aside Test.

"MM Loans" means the loans which may be made by the Managing Member to the Company pursuant to Section 5.07(a) hereof, including any accrued interest thereon. Operating Deficit Loans shall not constitute MM Loans.

"Mortgage" means any deed of trust to be given by the Company in favor of any Project Lender as maker of a Project Loan, constituting a lien on the Project and securing a Project Loan.

"Net Cash Flow" means the sum of (i) all cash received from rents, lease payments and all other sources, but excluding (A) tenant security or other deposits (except to the extent forfeited to the Company), (B) Capital Contributions and interest thereon (other than if used to pay for an item deducted below in determining Net Cash Flow), (C) proceeds from Capital Transactions and (D) interest on reserves not available for distribution, (ii) the net proceeds of any insurance, other than fire and extended coverage and title insurance, to the extent not reinvested, and (iii) any other funds deemed available for distribution by the Managing Member with the approval of the Project Lenders,

if required, less the sum of (x) all cash expenditures, and all expenses unpaid but properly accrued, which have been incurred in the operation of the Company's business (whether or not such expenditure is deducted, amortized or capitalized for tax purposes), including the management fee to the Management Agent and the Accounting Fee, (y) all payments on account of any loans made to the Company (whether such loan is made by a Member or otherwise), but not including any amounts to be paid pursuant to the Development Agreement or pursuant to any loans made by any Members where repayment of such loans is to be made out of Net Cash Flow, and (z) any cash reserves for working capital, capital expenditures, repairs, replacements and anticipated expenditures, in such amounts as may be required by the Project Lenders or the Investor Member, or may be determined from time to time by the Managing Member with the approval of the Investor Member and the Project Lenders, if required, to be advisable for the operation of the Company.

"Net Projected Tax Liabilities" means, as determined by the Accountants, based on the Company's tax records, and any final adjustments made prior to the availability of proceeds of Capital Transaction(s) for distribution, the cumulative amounts of the respective projected liabilities (collectively, the "Projected Tax Liabilities") of the Managing Member, the Investor Member's members, and their respective partners and members, if any, (collectively, the "Company Taxpayers") for any and all federal, state, and local taxes, including any recapture of prior LIHTC, to be imposed on the Company Taxpayers by reason of all Capital Transactions of the Company from which the proceeds in question are to be distributed, any and all prior Capital Transactions of the Company (to the extent proceeds from such prior Capital Transactions equal to the Projected Tax Liabilities for such prior transactions were not distributed) and any liquidation of the Company. Such projections of liabilities shall estimate the applicable tax rate or rates for the Managing Member (based on actual or projected taxable income) and shall assume the maximum applicable tax rate or rates for each of the Investor Member's partners or members, if any (without regard to actual taxable income), in effect at the time of each Capital Transaction, in all cases without regard to the alternative minimum tax, limitations on the use of business tax credits, or other factors that may affect tax liability in particular cases, and without adjustment for any variance from actual tax liabilities that may later occur.

"New Allocation" has the meaning set forth in Section 11.07(m)(ii).

"Nonrecourse Debt" means any Company liability that is considered nonrecourse for purposes of Treas. Reg. §1.1001-2 (without regard to whether such liability is a recourse liability under Treas. Reg. §1.752-1(a)(1)).

"Nonrecourse Deductions" has the meaning set forth in Treas. Reg. §1.704-2(b)(1).

"Nonrecourse Liability" means any Company liability (or portion thereof) for which no Member or related Person (within the meaning of Treas. Reg. §1.752-4(b)) bears (or is deemed to bear) the Economic Risk of Loss.

"Note" means any mortgage or deed of trust promissory note given by the Company in favor of a Project Lender evidencing a Project Loan.

"Notice" means a writing containing the information required by this Agreement to be communicated to a Member and sent by any manner set forth in Section 16.08, to such Member at such Member's address as specified pursuant to Section 16.08, the date of receipt thereof (or the next business day if the date of receipt is not a business day) or, in the case of registered or certified mail, the date of registry thereof or the date of the certification receipt, as applicable, being deemed the date of such Notice; provided, however, that any written communication containing such information sent to such Member actually received by such Member shall constitute Notice for all purposes of this Agreement.

"Operating Deficit" means the amount by which the gross receipts of the Company from lease payments, and all other income and receipts of the Company (other than proceeds of any loans to the Company, Capital Contributions, and investment earnings not available for distribution on funds on deposit in the Reserve Fund for Replacements, and other such reserve or escrow funds or accounts not available for distribution) for a particular period of time, is exceeded by the sum of all the operating expenses, including all debt service, operating and maintenance expenses, required deposits into the Reserve Fund for Replacements, any fees to the Project Lenders and/or any applicable mortgage insurance premium payments and all other Company obligations or expenditures, and excluding payments for construction of the Project and fees and other expenses and obligations of the Company to be paid from the Capital Contributions of the Investor Member to the Company pursuant to this Agreement during the same period of time.

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

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

"Partnership Representative" has the meaning set forth in Section 11.08 of this Agreement.

"Payment Date" means the date which is ninety (90) days after the end of the Company's fiscal year with respect to the preceding fiscal year.

"Percentage Interest" means the percentage Interest of each Member as set forth in Sections 5.01(a) and (c).

"Permanent Loan" means the loans set forth on **Exhibit F** hereto as described as permanent loan.

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

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

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

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

"Profits" and "Losses" mean, for each fiscal year of the Company, an amount equal to the Company's taxable income or loss for such period from all sources, determined in accordance with §703(a) of the Code, adjusted in the following manner: (a) the income of the Company that is exempt from federal income tax shall be added to such taxable income or loss; (b) any expenditures of the Company which are not deductible in computing its taxable income and not properly chargeable to capital account under either §705(a)(2)(B) of the Code or the regulations promulgated under §704(b) of the Code shall be subtracted from such taxable income or loss; (c) in the event any Company asset is revalued in accordance with Treas. Reg. §1.704-1(b)(2)(iv)(f), then the amount of any adjustment to the value of such Company asset shall be taken into account as gain or loss from the disposition of such Company asset for purposes of computing Profits or Losses; (d) gain or loss resulting from any disposition of Company asset which has been revalued pursuant to Treas. Reg. §1.704-1(b)(2)(iv)(f) and with respect to which gain or loss is recognized for Federal income tax purposes shall be computed by reference to the adjusted value of such Company asset, notwithstanding that the adjusted tax basis of such Company asset differs from the adjusted value; (e) any depreciation, amortization or other cost recovery deductions taken into account in computing such taxable income or loss shall be recomputed based upon the adjusted value of any Company asset which has been revalued in accordance with Treas. Reg. §1.704-1(b)(2)(iv)(f); and (f) any items of income, gain, loss, deduction or credit which are specially allocated pursuant to Sections 11.07(b) through (n) shall not be taken into account in computing Profits or Losses.

"Project" means the land currently owned (or to be purchased) by the Company in Pennington Gap, Virginia and the improvements to be rehabilitated, owned and operated thereon by the Company, and to be known as Pennington Gap Apartments.

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

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

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

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

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

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

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

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

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

"Regulatory Agreement" means, to the extent applicable, and collectively, any regulatory agreements and/or any declaration of covenants and restrictions to be entered into between the Company and any Project Lender or any applicable government agency at or after the Initial Closing setting forth certain terms and conditions under which the Project is to be operated.

"Rent Restriction Test" means the test pursuant to Section 42(g) of the Code whereby the gross rent charged to tenants of the low-income units in the Project cannot exceed thirty percent (30%) of the imputed income limitation of the applicable units.

"Rental Assistance Agreement" means the USDA Section 515 Rental Assistance Agreement between the Company and USDA Rural Development Rural Housing Service with respect to 40 units.

"Reserve Fund for Replacements" means the cash funded reserve for replacements required pursuant to Section 4.02 (q).

"Special Additional Capital Contribution" means the Special Additional Capital Contributions of the Investor Member under Section 5.01(d)(vii).

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

"Sponsor" means People Incorporated Housing Group, its successors and assigns.

“Sponsor Loan” means collectively, the DHCD HOME Loan and the DHCD VHTF Loan from Sponsor identified on **Exhibit F** hereto.

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

"Substantial Completion" means the date that the Company receives all necessary permanent certificate(s) of occupancy (or certificates of occupancy which contain conditions or qualifications which are Consented to by the Investor Member) from the applicable governmental jurisdictions) or authority(ies); provided, however, that Substantial Completion shall not be deemed to have occurred if on such date any liens or other encumbrances as to title to the Land and the Project exist, other than those securing any Project Loan and/or those Consented to by the Investor Member.

"Substitute Investor Member" means any Person admitted to the Company as an Investor Member pursuant to Section 9.02.

"Surplus Cash" means any Net Cash Flow which, pursuant to the Project Documents or rules or regulations of any Project Lenders or the Agency, is permitted to be distributed to the Members.

"Title Company" means Fidelity National Title Insurance Company.

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

"Unpaid LIHTC Shortfall" means the outstanding amount of any LIHTC Shortfall for all the fiscal years of the Company, reduced by any amounts of Unpaid LIHTC Shortfall distributed to the Investor Member pursuant to Article XI of this Agreement. The unpaid LIHTC Shortfall shall bear interest at the "long-term applicable Federal rate" (as defined in Section 1274 of the Code) determined as of the date of the Investor Member's First Capital Contribution, compounded monthly.

"USDA" means United States Department of Agriculture.

"USDA Loan" means the Project Loan from USDA identified on **Exhibit F** hereto

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

"VHDA" means Virginia Housing Development Authority

"Withdrawing Investor Member" means People Incorporated of Virginia.

ARTICLE III
PURPOSE AND BUSINESS OF THE COMPANY

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

3.02 Authority of the Company. In order to carry out its purpose, the Company is empowered and authorized to do any and all acts and things necessary, appropriate, proper, advisable, incidental to or convenient for the furtherance and accomplishment of its purpose, and for the protection and benefit of the Company, including but not limited to the following:

- (a) acquire the Land on which the Project is to be located and any improvements thereon;
- (b) construct, rehabilitate, operate, maintain, improve, buy, own, sell, convey, assign, mortgage, rent or lease any real estate and any personal property necessary to the operation of the Project;
- (c) provide housing, subject to the Minimum Set-Aside Test and the Rent Restriction Test and consistent with the requirements of the Extended Use Agreement, the Regulatory Agreement and the Loan Agreements so long as the Extended Use Agreement, the Regulatory Agreement and the Loan Agreements, as applicable, remain(s) in force;
- (d) enter into any kind of activity, and perform and carry out contracts of any kind necessary to, in connection with, or incidental to, the accomplishment of the purposes of the Company;
- (e) borrow money and issue evidences of indebtedness in furtherance of the Company business and secure any such indebtedness by mortgage, pledge, or other lien; provided, however, that unless otherwise specifically allowed under this Agreement or otherwise Consented to by the Investor Member, any Project Loans, and any evidences of indebtedness thereof and any documents amending, modifying or replacing any of such loans shall have the legal effect that at and after Final Closing the Company and the Members shall have no personal liability for the repayment of the principal of or payment of interest on any Project Loan, and that the sole recourse of any

Project Lender, with respect to the principal thereof and interest thereon, shall be to the property securing such Project Loan, except for any Carveouts;

(f) maintain and operate the Project, including hiring the Management Agent (which Management Agent may be any of the Members or an Affiliate thereof) and entering into any agreement for the management of the Project during its rent-up and after its rent-up period;

(g) subject to the approval of the Agency and/or the Project Lenders, if required, and to other limitations expressly set forth elsewhere in this Agreement, negotiate for and conclude agreements for the sale, exchange, lease or other disposition of all or substantially all of the property of the Company, or for the refinancing of any mortgage loan on the property of the Company;

(h) enter into the Loan Agreement, the Regulatory Agreement and the Extended Use Agreement, providing for regulations with respect to rents, profits, dividends and the disposition of property;

(i) rent dwelling units in the Project from time to time, in accordance with the provisions of the Code applicable to LIHTC and in accordance with applicable federal, state and local regulations, collecting the rents therefrom, paying the expenses incurred in connection with the Project, and distributing the net proceeds to the Members, subject to any requirements which may be imposed by the Extended Use Agreement, the Regulatory Agreement and/or the other Project Documents; and

(j) do any and all other acts and things necessary or proper in furtherance of the Company business.

ARTICLE IV
REPRESENTATIONS, WARRANTIES AND COVENANTS;
DUTIES AND OBLIGATIONS

4.01 Representations, Warranties and Covenants Relating to the Project and the Company. As of the date hereof, the Managing Member hereby represents, warrants and covenants to the Company and to the Members that:

(a) Due Authorizations, Execution and Delivery. The execution and delivery of this Agreement by the Managing Member and the performance by the Managing Member of the transactions contemplated hereby have been duly authorized by all requisite corporate, partnership, limited liability company or trust actions or proceedings. The Managing Member is duly organized, validly existing and in good standing under the laws of the state of its formation with power to enter into this Agreement and to consummate the transactions contemplated hereby.

(b) Rehabilitation of Project. The rehabilitation and development of the Project shall be undertaken and shall be completed in a timely and workmanlike manner in accordance with (i) all applicable requirements of the Project Loans and the Project Documents, (ii) all applicable requirements of all appropriate governmental entities, and (iii) the Plans and Specifications of the Project that have been or shall be hereafter approved by the Investor Member and, if required, the Project Lenders and any applicable governmental entities, as such Plans and Specifications may be changed from time to time with the approval of the Investor Member and the Project Lenders, if required, and any applicable governmental entities, if such approval shall be required; it shall promptly provide copies of all change orders to the Investor Member.

(c) Zoning and Related Matters. At the date hereof, at the Initial Closing and at the time of commencement of rehabilitation and thereafter continuously, the Land is and will be properly zoned for the Project, all consents, permissions and licenses required by all applicable governmental entities have been obtained, and the Project conforms and will conform to all applicable federal, state and local land use, zoning, environmental and other governmental laws and regulations.

(d) Plans and Specifications. The Managing Member has sent to the Investor Member the Plans and Specifications (including, without limitation, all working drawings) and all construction schedules, approved construction draws, certifications concerning occupancy, lien notices, project inspection reports, proposed changes and modifications to the Plans and Specifications, all documents pertaining to the Project Loan and any other information that is relevant to the rehabilitation and development of the Project.

(e) Public Utilities. All appropriate public utilities, including sanitary and storm sewers, water, gas and electricity, are currently available and will be operating properly and in sufficient capacity for the Project at the time of certificate of occupancy. The Managing Member will keep all such utilities operating in a manner sufficient to service the Project.

(f) Title Insurance. An owner's title insurance policy of a financially responsible institution acceptable to the Investor Member, in an amount equal to the principal amount of the Project Loans and the Capital Contributions of the Managing Member and the Investor Member, in favor of the Company, will be issued at or prior to the Initial Closing subject only to such easements, covenants, restrictions and such other standard exceptions as are normally included in owner's title insurance policies and which are Consented to by the Investor Member and with such endorsements to such policy as the Investor Member may request. Good and marketable fee simple title to the Land will be held by the Company. The Managing Member has not made any misrepresentation or failed to make any disclosure that will or could result in the Company lacking title insurance coverage based on imputation of knowledge of the Managing Member to the Company or the Managing Member's ability to perform its obligations hereunder.

(g) Non-Recourse Loans. Except as otherwise provided herein, at and after the Final Closing, there shall be no direct or indirect personal liability of the Company, any of the

Members, or any Affiliates of the Company or Members for the repayment of the principal of or payment of interest on any Project Loan, and the sole recourse of any Project Lender under any Project Loan with respect to the principal thereof and interest thereon shall be to the property securing the indebtedness, except for any liability of the Managing Member with respect to customary "carveouts" that are set forth in loan documents relating to the Project Loans (the "Carveouts") to which the Investor Member has Consented. However, the Managing Member shall be personally liable for the obligations of the Company under the Sponsor Loans as described in **Exhibit F**, to the same extent as if it was a general partner in a limited partnership.

(h) **No Defaults.** The Managing Member is not aware of any default or any circumstances which, with the giving of notice or the passage of time, would constitute a default, under any agreement, contract, lease, or other commitment, or of any claim, demand, litigation, proceedings or governmental investigation pending or threatened against the Managing Member, the Project or the Company, or related to the business or assets of the Managing Member, the Project or Company, which claim, demand, litigation, proceeding or governmental investigation could result in any judgment, order, decree, or settlement which would materially and adversely affect the business or assets of the Managing Member, the Project or Company.

(i) **No Violation.** The execution of this Agreement, the incurrence of the obligations set forth in this Agreement, and the consummation of the transactions contemplated by this Agreement do not violate any provision of law, any order, judgment or decree of any court binding on the Company or the Managing Member or any Affiliate(s) thereof, any provision of any indenture, agreement, or other instrument to which the Company or the Managing Member is a party or by which the Company, Managing Member or the Project is affected, and is not in conflict with, and will not result in a breach of or constitute a default under any such indenture, agreement, or other instrument or result in creating or imposing any lien, charge, or encumbrance of any nature whatsoever upon the Project.

(j) **Construction Contract.** The Construction Contract has been entered into between the Company and the Contractor; no other consideration or fee shall be paid to the Contractor in its capacity as the Contractor for the Project other than the amounts set forth in the Construction Contract or as evidenced by change orders approved by the Project Lenders and as otherwise disclosed in writing to and approved by the Investor Member; and all change orders to date have been paid in full. In addition, no consideration or fee shall be paid to the Developer or Managing Member by the Contractor.

(k) **Performance Bond; Letter of Credit.** Either (i) one hundred percent (100%) payment and performance bonds issued by a nationally, financially recognized bonding company, in forms acceptable to the Project Lenders and the Investor Member, and in amounts satisfactory to the Project Lenders and the Investor Member, or (ii) a letter of credit in an amount and in a form, and from an issuer satisfactory to the Project Lenders and the Investor Member, will be obtained by the Contractor at or before Initial Closing and shall remain in full force and effect under terms and conditions as shall be acceptable to the Project Lenders and the Investor Member; in the alternative,

the obligations of the Contractor will be guaranteed by the Managing Member and the Affiliate Guarantors and secured by cash, letter of credit or other security acceptable to the Project Lenders and the Investor Member.

(l) Insurance. The Managing Member shall cause the Company to obtain and maintain insurance in accordance with the requirements of **Exhibit I** attached hereto.

(m) No Undisclosed Financial Responsibilities. Neither the Company, nor the Managing Member, either individually or on behalf of the Company, has incurred any financial responsibility with respect to the Project prior to the date of execution of this Agreement, other than (i) that disclosed to the Investor Member, or (ii) obligations which will be fully satisfied at or prior to the Initial Closing. As of the date hereof and hereafter continuously, unless the Investor Member otherwise Consents or unless otherwise specifically provided for herein, the only indebtedness of the Company with respect to the Project are the Project Loans, if any, described on **Exhibit F**. Without limiting the generality of the foregoing, neither the Managing Member, any of its Affiliates nor the Company, has entered, or shall enter, into any agreement or contract for any loans (other than the Project Loan) or for the payment of any Project Loan discounts, additional interest, yield maintenance or other interest charges or financing fees or any agreement providing for the guarantee of payment of any such interest charges or financing fees relating to any Project Loan.

(n) Valid Limited Liability Company; Power of Authority. The Company is and will continue to be a valid limited liability company, duly organized under the laws of the Commonwealth of Virginia, and shall have and shall continue to have full power and authority to acquire the Land and to own, develop, construct, operate and maintain the Project in accordance with the terms of this Agreement, and shall have taken and shall continue to take all action under the laws of the State of Formation and any other applicable jurisdiction that is necessary to protect the limited liability of the Investor Members and to enable the Company to engage in its business.

(o) Restrictions on Sale or Refinancing. No restrictions on the sale or refinancing of the Project, other than restrictions that may be set forth in the Project Documents, exist as of the date hereof, and no such restrictions shall, at any time while the Investor Member is an Investor Member, be placed upon the sale or refinancing of the Project.

(p) Projected LIHTC. The Projected LIHTC applicable to the Project is \$201,328 for 2020, \$235,701 for each year 2021 through 2029, and \$34,373 for 2030 which equals the amount of LIHTC the Managing Member has projected will be available to the Company. There is and at all times shall continue to be sufficient eligible basis (as defined in Section 47 of the Code) to provide the full amount of the Projected LIHTC.

(q) Compliance with Agreements. To the best of its knowledge after due inquiry, the Managing Member, either individually or on behalf of the Company, has fully complied with all applicable provisions and requirements of any and all contracts, options and other agreements with respect to the purchase of the Land and the ownership, development, financing and operation of the

Project including all Project Documents; it shall take, and/or cause the Company to take, all actions as shall be necessary to achieve and maintain continued compliance with the provisions, and fulfill all applicable requirements, of such agreements.

(r) State Designation. On April 27, 2017, the Company received valid State Designation with respect to the Project in the amount of \$2,357,010 for the Credit Period.

(s) Applicable Income and Rent Restrictions. The Project is being developed in a manner which satisfies, and shall continue to satisfy, all restrictions, including tenant income and rent restrictions, applicable to projects generating LIHTC under Section 42 of the Code. The Company will comply with the so-called "40-60 Set-Aside Test" of Code Section 42(g)(1)(B), as restricted by Code Section 42(i)(2)(E)(i) so that at least 40% of the residential units in the Project will be occupied by individuals with incomes of 60% or less of area median income, as adjusted for family size; the Project is not subject to any other rental restrictions under the Project Documents except to the extent that more than 40% of the residential units in the Project will be rent and income restricted in order to generate the full amount of the Projected Credits. In addition to the foregoing, four (4) units shall be occupied by individuals with incomes 40% or less of area median income, as adjusted for family size, thirty-six (36) units shall be occupied by individuals with incomes 50% or less of area median income, as adjusted for family size.

(t) Term of Extended Use Agreement. The term of the Extended Use Agreement will not exceed 30 years and neither the Extended Use Agreement nor any other document, instrument or agreement to which the Company is a party shall restrict, limit or waive the right of the Company to cause a termination of the Extended Use Agreement prior to the end of such 30-year term in accordance with Code Section 42(h)(6)(E)(i)(II).

(u) Ownership of Managing Member. People Incorporated Housing Group owns and shall continue to own at all times during the term of the Company one hundred percent (100%) of all classes of interests of the Managing Member.

(v) Title to Project; Taxes and Assessments. The Company has and shall have at all times good and marketable title to the Project, subject only to permitted exceptions thereto to which the Investor Member has given its Consent. All real estate taxes, assessments, water and sewer charges and other municipal charges, to the extent due and owing, have been paid in full on the Project.

(w) Taxpayer Certifications. On behalf of the Company, the Managing Member will cause to be filed any and all certifications and other documents on a timely basis with the IRS, the Agency and all other Authorities, as have been and may be required to support the full amount of Projected Credits.

(x) Taxation and Limited Liability. No event has occurred that has caused, and the Managing Member will not act in any manner that will cause (i) the Company to be treated for

federal income tax purposes as an "association" taxable as a corporation, rather than as a partnership; or (ii) the Investor Member or the Special Member to be liable for the Company's obligations in excess of its Capital Contributions.

(y) No Tax-Exempt Use Property. No portion of the Project is or will be treated as "tax exempt use property" as defined in Section 168(h) of the Code. In the event the Managing Member or any member or shareholder of the Managing Member is controlled by a tax-exempt entity, such entity will make the election permitted under Section 168(h)(6)(F) of the Code. The Managing Member shall not allow the Company to enter into any lease with a tax-exempt entity without the prior written approval of the Special Member.

(z) No Abusive Tax Shelter. The Managing Member has not received notice from the IRS that it has considered the Managing Member to be involved in any abusive tax shelter and is not aware of any facts, which if known to the IRS, would cause such notice to be issued.

(aa) Required Consents; No Defaults Under Loan Documents. The Company has obtained all consents required for the admission of the Investor Member to the Company, including but not limited to, the consent of the holder(s) of the Project Loans, if necessary, and any required consents of applicable Authorities.

(ab) Bankruptcy. No Bankruptcy, including, without limitation, attachments, execution proceedings, assignments for the benefit of creditors, insolvency, reorganization or other proceedings are pending or threatened against the Company or the Managing Member. The Managing Member will not permit such a Bankruptcy to occur.

(ac) Governmental Actions. To the best of the Managing Member's knowledge, there is no official action of any Authority, pending or threatened, which in any way would (i) have a material adverse effect on the Company, the Project, the Investor Member or the LIHTC; (ii) involve any intended public improvements which improvements may result in any charge in excess of \$10,000 being levied against the Land; or (iii) any special assessment, being levied against or assessed upon the Land or the Project. There is no existing, proposed or contemplated, plan to widen, modify or realign any street or highway contiguous to the Land. The Managing Member will promptly notify the Investor Member of any such official actions or plans, if and as they arise.

(ad) Moratoria; Assignments; Dedications. There is no reassessment (except for real estate property taxes), reclassification, rezoning, proceeding, ordinance or regulation (including amendments and modifications to any of the foregoing) pending or proposed to be imposed, by any Authority or any public or private utility having jurisdiction over the Land which would have a material adverse effect upon the use or occupancy of the Project. No special assessments have been levied against the Project or by an Authority upon the commencement or completion of any construction, alteration or rehabilitation on or of the Project or any portion thereof. The Managing Member will promptly notify the Investor Member of any such actions, if and as they arise. Except as previously disclosed in writing to and approved by the Investor Member, the completion of the

improvements, alteration or rehabilitation on or to the Project or any portion thereof will not require the dedication of any portion of the Project by any Authority.

(ae) No Defects, Compliance. Upon completion of the Project, there will be no material physical or mechanical defects or deficiencies in the condition of the Project, including, but not limited to, the roofs, exterior walls or structural components of the Project and the heating, air conditioning, plumbing, ventilating, elevator, utility, sprinkler and other mechanical and electrical systems, apparatuses and appliances located in, or about, the Land which would materially and adversely affect the Project or any portion thereof. The Project is free from infestation by termites or other pests, insects, animals or other vermin and the Managing Member will keep it so. The Project conforms (or will timely conform) to all governmental regulations, including, without limitation, all zoning, building, health, fire and environmental rules, regulations ordinances or requirements or environmental laws, regulations or procedures applicable to the Project where the failure to conform would result in a material adverse effect.

(af) No Defective Soils Conditions. To the best of the Managing Member's knowledge after due inquiry, there are no defects or conditions of the soil that would have a material adverse effect upon the use, occupancy and operation of the Project. The soil condition of the Land is such that it will support all of the improvements to be located thereon for its foreseeable life, without the need for unusual or new subsurface excavations, fill, footings, caissons or other installations. The improvements on the Land, as built, will be or are constructed in a manner compatible with the soil condition at the time of construction and all necessary excavations, fills, footings, caissons and other installations were then, have since been and will be provided.

(ag) Rights of First Refusal; Options. Except as contemplated by the Right of First Refusal Agreement set forth in Exhibit L attached hereto, neither the Managing Member nor the Company has entered into (nor will enter into) any contracts for the sale of the Project, the LIHTC with respect thereto, or any interest in the Project or Company other than in contemplation of this Agreement, nor do there exist any rights of first refusal or options to purchase the Project, the LIHTC with respect thereto, or any interest in the Company.

(ah) Securities Law Compliance. The Managing Member has or will have timely complied or cause the timely compliance with all applicable Federal and state securities laws in connection with the offer and sale of the interest in the Company to the Investor Member.

(ai) Truth and Completeness of Representations and Disclosures. No representation, warranty or statement of the Managing Member in this Agreement or in any document, certificate or schedule furnished or to be furnished to the Investor Member pursuant hereto contains or will contain any untrue statement of a material fact or omits or will omit to state a material fact necessary to make the statements or facts contained therein not misleading. All material information concerning the Project known to the Managing Member or any of its Affiliates, or which should have been known to any of them in the exercise of reasonable care, has been disclosed by the Managing Member to the Investor Member and there are no facts or information

known to the Managing Member or any of its Affiliates, or which should have been known to any of them in the exercise of reasonable care, which would make any of the facts or information submitted by the Managing Member to the Investor Member with respect to the Project inaccurate, incomplete or misleading in any material respect.

(aj) Compliance with Fair Housing Act. At all times during the term of this Agreement, the Company shall comply with the provisions of the Fair Housing Act, as amended, including without limitation, complying with all provisions thereof relating to housing for the elderly.

(ak) Lenders to Project Entities Generally. Subject to provisions of this Agreement with respect to related party loans, an investor member or member, including without limitation the Federal Home Loan Mortgage Corporation (such investor, member or partner being referred to herein as a “Mortgagee”), in any entity that is a Member herein at any time may make, guarantee, own, acquire, or otherwise credit enhance, in whole or in part, a loan secured by a mortgage, deed of trust, trust deed, or other security instrument encumbering the Project owned by the Company (any such loan being referred to as a “Mortgage Loan”). Under no circumstances will a Mortgagee be considered to be acting on behalf or as an agent or the alter ego of such Member. A Mortgagee may take any actions that the Mortgagee, in its discretion, determines to be advisable in connection with a Mortgage Loan (including in connection with the enforcement of a Mortgage Loan). By acquiring an interest in the Company, each Member acknowledges that no Mortgagee owes the Company or any Member any fiduciary duty or other duty or obligation whatsoever by virtue of such Mortgagee being a limited partner or member in a Member. Neither the Company nor any Member will make any claim against a Mortgagee, or against the Member in which the Mortgagee is a member or partner, relating to a Mortgage Loan and alleging any breach of any fiduciary duty, duty of care, or other duty whatsoever to the Company or to any Member based in any way upon the Mortgagee’s status as an partner or member of a Member.

(al) Member Loans. No Member or any Affiliate of a Member shall make or purchase a loan to the Company unless the Company receives an opinion of competent tax counsel to the effect that such loan will have no adverse tax consequences to any of the Members.

(am) Rental Assistance Agreement. All of the units in the Project currently receive, and shall continue to receive, USDA Section 515 Rental Assistance. The Managing Member shall continue to comply with all regulations governing the administration of the USDA Section 515 Rental Assistance program and abide by all terms of the Rental Assistance Agreement.

(an) Development Budget. The Development Budget attached hereto as **Exhibit H** is accurate and complete. The assumptions underlying the calculations therein are reasonable and based upon the Managing Member’s knowledge and experience.

(ao) Reportable Transactions. The Company and its Members shall be permitted to disclose to any and all Persons, without limitation of any kind, the “tax treatment and tax structure”

(as defined in Treasury Regulation Section 1.6011-4(c)) of the transaction contemplated by this Agreement and all materials of any kind (including opinions or other tax analyses) relating to such tax treatment and tax structure. The Managing Member shall (A) promptly notify the Investor Member of any “reportable transaction” under Code Section 6707(A)(c) or Treasury Regulation Section 1.6011-4 in which the Company shall engage or which it reports under Code Section 6111 and (B) maintain investor lists with respect to the Company as required under Code Section 6112. The Managing Member shall be responsible for its expenses or penalties attributable to its failure to report a reportable transaction or maintain lists (in accordance with Code Section 6112) as required by the Managing Member or the Company under the Code and applicable Treasury Regulations. Material advisors are required to supplement information disclosed to the IRS if the information provided in a filed disclosure is no longer accurate, in such instances, the Managing Member agrees to provide timely supplemental information about the Project to the IRS and the Investor.

(ap) Reasonableness of Fees. All fees to be paid to the Managing Member or any Affiliate of the Managing Member hereunder or otherwise in connection with the development of the Project are reasonable in amount and consistent with standard practice in the industry.

(aq) REAC and HUD Reports. The Managing Member shall advise the Investor Member of any REAC (Real Estate Assessment Center) inspection reports it receives with respect to the Project as well as any notices from HUD indicating any adverse findings with respect to the Project, including, but not limited to, the following:

- (i) management review findings;
- (ii) Section 8 HAP contract violations; and
- (iii) HUD Regulatory Agreement violations.

(ar) Governmental Review and Approvals/HUD 2530 Language. The Company shall not acquire or proceed with the development of the Project unless approval is obtained from HUD if such approval is required in connection with such development or acquisition. If the acquisition or development of the Project necessitates the filing of a Form 2530 Previous Participation Certificate with HUD (a "Previous Participation Certification"), the Managing Member shall so notify the Investor Member and such acquisition or development shall not proceed without the required Form 2530 filing. The Managing Member shall also provide adequate information to the Investor Member to enable any of its members to file any additional documents that may be required by HUD. Such information shall include but not be limited to the following:

- (i) type of financing and governmental agency providing such assistance, FHA project number, Section 8 contract number or other agency identification number (if any);
- (ii) closing date/date of receipt of assistance;

(iii) date that the Project is intended to be acquired and/or the development is to be financed by the Company;

(iv) property address and last inspection date/rating;

(v) status of any pre-existing loan on the project (current, defaulted, assigned or foreclosed) and if ever defaulted, an explanation as to the causes of such default/foreclosure.

(as) OFAC Requirements. The Managing Member and its Affiliates are (i) in compliance with all applicable anti-money laundering laws, including, without limitation, the USA Patriot Act and the laws administered by the United States Treasury Department's Office of Foreign Assets Control ("OFAC"), including, without limitation, Executive Order 13224, (ii) not on the Specially Designated Nationals and Blocked Persons List maintained by OFAC, and (iii) not otherwise identified by a government entity or legal authority as a Person with whom a U.S. Person is prohibited from transacting business. "U.S. Person" shall mean any United States citizen, any permanent resident alien, any entity organized under the laws of the United States (including foreign branches), or any person in the United States.

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

4.02 Duties and Obligations Relating to the Project and the Company. The Managing Member shall have the following duties and obligations with respect to the Project and the Company:

(a) Qualifying for LIHTC. It shall ensure that all requirements shall be met which are necessary to obtain or achieve (i) compliance with the Minimum Set-Aside Test, the Rent Restriction Test, and any other requirements necessary for the Project to initially qualify, and to continue to qualify, for LIHTC, including all applicable requirements set forth in the Regulatory Agreement and the Extended Use Agreement, (ii) issuance of IRS Form(s) 8609 with respect to the LIHTC, (iii) issuance of all necessary permanent, unconditional certificates of occupancy, including all governmental approvals required to permit occupancy of the Project, (iv) Initial Closing and Final Closing, and (v) compliance with all material provisions of the Project Documents.

(b) Tax Treatment of Company. While conducting the business of the Company, the Managing Member shall not act in any manner which it knows or should have known after due inquiry will (i) cause the termination of the Company for federal income tax purposes without the

Consent of the Investor Member or (ii) cause the Company to be treated for federal income tax purposes as an association taxable as a corporation.

(c) Securities Law Matters. The Managing Member shall prepare and timely file all appropriate reports for the Company with the Securities and Exchange Commission and state securities administrators.

(d) Limited Liability Company Status. The Managing Member shall (i) file such certificates and do such other acts as may be required to qualify and maintain the Company as a limited liability company under the Act and to qualify the Company to transact business in all such other jurisdictions as may be required under the applicable provisions of law, and (ii) take or cause the Company to take all reasonable steps deemed necessary by counsel to the Company to assure that the Company is at all times classified as a partnership for federal income tax purposes.

(e) Good Faith of Managing Member. It shall exercise good faith in all activities relating to the conduct of the business of the Company, including the development, operation and maintenance of the Project, and the Managing Member shall take no action with respect to the business and property of the Company which is not reasonably related to the achievement of the purpose of the Company.

(f) No Security Interests or Encumbrances, Debt Service Coverage Ratio. The Managing Member shall ensure that all of (i) the fixtures, maintenance supplies, tools, equipment and the like now and to be owned by the Company or to be appurtenant to, or to be used in the operation of the Project, as well as (ii) the rents, revenues and profits earned from the operation of the Project, will be free and clear of all security interests and encumbrances except for the Project Loans, the Mortgages, and any additional security agreements executed in connection therewith. From and after the Final Closing, the Project shall maintain a Debt Service Coverage Ratio of at least 1.15:1.0.

(g) Basis Adjustments. It will execute on behalf of the Company all documents necessary pursuant to Sections 732, 743 and 754 of the Code to elect to adjust the basis of the Company's property upon the request of the Investor Member, if, in the sole opinion of the Investor Member, such election would be advantageous to the Investor Member.

(h) Payment of Development Fee. It guarantees payment by the Company of the Development Fee as provided in Section 5.01(b).

(i) Tax Returns and Financial Statements. It shall, during and after the period in which it is a Member, provide the Company with such information and sign such documents as are necessary for the Company to make timely, accurate and complete submissions of federal and state income tax returns and shall provide the Investor Member with the opportunity to review and Consent to drafts of all such returns at least twenty (20) days prior to their filing date, and will incorporate the changes of the Investor Member. In addition, the Managing Member shall provide

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

(j) Compliance with Governmental and Contractor Obligations. It shall comply and cause the Company to comply with the provisions of all applicable governmental and contractual obligations including any Regulatory Agreement and Rental Assistance Agreement.

(k) Tax Elections. It has made (if applicable) and shall make such elections, or refrain from making such elections, with respect to the LIHTC, as are necessary to achieve and maintain the maximum allowable LIHTC to the Investor Member, unless otherwise directed in writing by the Investor Member. The Managing Member will make the election to be taxable under Section 168(h) of the Code. In connection herewith, the Company will not make an election to opt out of the bonus depreciation available under Section 168(k) of the Code without the Consent of the Investor Member.

(l) Fines and Penalties. It shall be responsible for the payment of any fines or penalties imposed by any applicable governmental authority or any Project Lender pursuant to the Project Documents and any documents executed in connection with obtaining the LIHTC (other than with respect to payments of principal or interest under any Project Loan) attributable to any action or inaction of it or its Affiliates.

(m) Notification of Default or IRS Proceedings. It shall immediately notify the Investor Member of any written or oral notice of (i) any default or failure of compliance with respect to any of the Project Loans or any other financial, contractual or governmental obligation of the Company or the Managing Member, or (ii) any IRS proceeding regarding the Project or the Company.

(n) Notification of Construction Delays. If at any time during the construction or rehabilitation of the Project, (i) construction or rehabilitation stops or is suspended for a period of ten (10) consecutive days, or (ii) construction or rehabilitation has been delayed so that in the reasonable determination of the Managing Member (A) Substantial Completion may not be achieved by the date set forth in the Construction Contract, or (B) the Projected Credits for any year during the Credit Period may not be achieved, the Managing Member shall immediately send Notice of such occurrence, together with an explanation of the circumstances surrounding such occurrence, to the Investor Member.

(o) Bank Accounts. The Managing Member shall establish in the name and on behalf of the Company such bank accounts as shall be required to facilitate the operation of the Company's business. The Company's funds shall not be commingled with any other funds of the Managing Member or any of its Affiliates, including, without limitation, any other limited liability company in which the Managing Member is a managing member. Promptly upon the request of the Investor Member, the Managing Member shall obtain and deliver to the Investor Member full,

complete and accurate statements of the amount and status of all Company bank accounts and all withdrawals therefrom and deposits thereto.

(p) Sales Notice to State Agency. If necessary to obtain, maintain or avoid recapture of any LIHTC for the Company, upon written request of an Investor Member, the Managing Member shall, pursuant to Section 42(h)(6) of the Code, submit on behalf of the Company and its Members, and in accordance with the rules and regulations of the Agency, a written request to the Agency (or other applicable housing credit agency) to find a Person to acquire the Project pursuant to a Qualified Contract.

(q) Reserve Fund for Replacements. It shall establish and maintain a segregated replacement reserve, in a lending institution acceptable to the Special Member, to provide for working capital needs, improvements, replacements and any other contingencies of the Company. Upon the making of the first Capital Contribution, \$161,016 shall be deposited into the Replacement Reserve Account which represents the amount of the existing replacement reserve acquired by the Company in connection with the acquisition of the Project. Commencing on the year that Final Closing occurs, the Managing Member shall ensure that the greater of \$300 per unit per year or the amount required by RD to be deposited (currently \$400 per unit per year) from the Company's gross operating revenues be deposited into the Reserve Fund for Replacements ("Ongoing Amount"). Thereafter, the Managing Member shall, each year, further fund the Reserve Fund for Replacement with an additional amount equal to the Ongoing Amount. Withdrawals from the Reserve Fund for Replacements shall require the Consent and signature of the Investor Member or Special Member. The Managing Member shall not increase the amount in the Reserve Fund for Replacements materially above the amount required to be maintained by this Section 4.02(q) without the Consent of the Investor Member, which Consent shall not be unreasonably withheld. Notwithstanding anything to the contrary in this Section 4.02(q), however, the amount of the Reserve Fund for Replacements shall be increased if necessary to satisfy the requirements of any Project Lender, except the Sponsor, or any Authority having jurisdiction over the Project.

(r) Operating Reserves. In addition to the requirements of Section 4.02 (q), in order to meet operating expenses of the Company which exceed operating income available for the payment thereof, the Managing Member shall cause the Company to deposit an initial amount of \$103,000 (or such greater amount as may be required by the Project Lenders) into a segregated reserve account in a lending institution acceptable to the Special Investor Member (the "Operating Reserve") to fund operating expenses and debt service in excess of operating revenues and to pay any Unpaid Fee, as that term is defined in Paragraph 5.01(b) hereof. The Operating Reserve shall be funded on or before the seventh Capital Contribution from the proceeds of such Capital Contribution and/or the proceeds of the Project Loans; provided, however, that if there are insufficient funds from the aforementioned sources, the Managing Member shall be required to fund the Operating Reserve. Disbursements from the Operating Reserve for the aforementioned purposes shall constitute MM Loans by the Managing Member only to the extent of amounts funded by it into the Operating Reserve pursuant to the previous sentence. If there is a delay in the payment of the sixth Capital Contribution due to the fault of the Investor Member ("Delayed Operating Reserve Payment"), the

unpaid portion of the Capital Contribution attributable to the Operating Reserve shall bear interest at the rate of 1.5% per annum, and such unpaid portion, including any accrued interest, will be paid no later than 24 months after payment of the remaining portion of seventh Capital Contribution. If the Delayed Operating Reserve Payment is necessary to pay guaranty or other obligations hereunder, Investor Member shall disburse such payment and fully fund the Operating Reserve. Additionally, the Managing Member shall cause the Company to deposit into the Operating Reserve amounts sufficient to maintain a balance of \$103,000 from Net Cash Flow, as set forth in Section 11.03(b) hereof. Withdrawals from the Operating Reserve shall require the prior approval of the Special Member.

(s) Lease-Up Reserve. At the time of the fourth Capital Contribution the Managing Member shall establish and cause the Company to fund and maintain a lease-up reserve (the "Lease-Up Reserve") in the name of the Company and maintained in a segregated Company account established for this purpose. The amount of the Lease-Up Reserve shall be \$10,000 and shall be fully funded by the proceeds of the fourth Capital Contribution. Withdrawals from the Lease-up Reserve account shall require the consent and signature of the Investor Member. At such time as the Project Property shall have achieved and maintained for a period of at least six months at least 93% occupancy (measured by both physical occupancy and "paid" occupancy based upon the then current rents for apartment units), any unused portion of the Lease-Up Reserve be used to pay for construction costs or deferred Development Fee.

(t) Pre-Development Activities. The Managing Member shall be specifically and solely responsible for the following duties:

- (1) Analyzing the Qualified Allocation Plan ("QAP") for targeted areas within a state.
- (2) Identifying potential land sites.
- (3) Analyzing the demographics of potential sites.
- (4) Analyzing a site's economy and forecast future growth potential.
- (5) Determining the site's zoning status and possible rezoning actions.
- (6) Contacting local government officials concerning access to utilities, public transportation, impact fees and local ordinances.
- (7) Performing environmental tests on selected sites.
- (8) Negotiating the purchase of the land upon which the Project is located and its related financing.

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

(u) The parties acknowledge that the Tax Cut and Jobs Act of 2017 (the “Act”) has become law. Notwithstanding the foregoing, the Members agree to work together to make appropriate elections and tax return reporting choices to avoid reducing the Investor Member’s expected benefits from being a member of the Company. In this regard and without limiting the foregoing, the Managing Member agrees that unless directed otherwise by the Investor Member, the Company shall make the election under Code Section 163(j)(7)(B) as provided in the Act to be an Electing Real Property Trade or Business. In addition, if directed by the Investor Member, the Managing Member shall elect out of bonus depreciation allowed under Section 167(k) on one or more classes of property for one or more years or if allowable, elect less than the maximum amount of bonus depreciation.

4.03 Single Purpose Entity. The Managing Member shall engage in no other business or activity other than that of being the Managing Member of the Company. The Managing Member was formed exclusively for the purpose of acting as the Managing Member of the Company and has never engaged in any other activity, business or endeavor. As of the date of this Agreement, the Managing Member has no liabilities or indebtedness other than its liability for the debts of the Company, and the Managing Member shall not incur any indebtedness other than its liability for the debts of the Company. If the Managing Member determines it needs additional funds for any purpose, it shall obtain such funds solely from capital contributions from its shareholders or members. The Managing Member has observed and shall continue to observe all necessary or appropriate corporate formalities in the conduct of its business. The Managing Member shall keep its books and records separate and distinct from those of its shareholders, members and affiliates. The Managing Member shall clearly identify itself as a legal entity separate and distinct from its shareholders, members and its affiliates in all dealings with other Persons. The Managing Member has been adequately capitalized for the purposes of conducting its business and will not make distributions at a time when it would have unreasonably small capital for the continued conduct of its business.

ARTICLE V
MEMBERS, MEMBERSHIPS INTERESTS
AND OBLIGATIONS OF THE COMPANY.

5.01 Members; Capital Contributions; Membership Interests.

(a) Managing Member Contribution. The Managing Member, its principal address or place of business, its Capital Contribution and its Percentage Interest are as follows:

- (i) Name and Address:

Pennington Gap Management, L.L.C., a Virginia limited liability company
1173 West Main Street
Abingdon, VA

(ii) Capital Contribution: \$100, plus all of its rights, title and interest in, to and under all agreements, licenses, approvals, permits, LIHTC applications and allocations and any other tangible or intangible personal property which is related to the Project or which is required to permit the Company to pursue its business and carry out its purposes as contemplated in this Agreement.

(iii) Percentage Interest: 0.009%

(b) Managing Member's Special Capital Contribution. In the event that the Company has not paid all or part of the amounts due under the Development Agreement ("Unpaid Fee") on or before the earlier of (i) the thirteenth (13th) anniversary of placement in service of the Project, or (ii) the date required under the Development Agreement, the Managing Member shall contribute to the Company an amount equal to any such Unpaid Fee (the "Managing Member's Special Capital Contribution") and the Company shall thereupon make a payment in an equal amount to the Unpaid Fee; provided, however, that prior to the making of the Managing Member's Special Capital Contribution, funds in the Operating Reserve may be used to pay the Unpaid Fee, subject to approval by the Investor Member, and after application of the approved portion of the Operating Reserve, any remaining Unpaid Fee shall be paid using the Managing Member's Special Capital Contribution.

(c) Investor Members. The Investor Member and the Special Member, respectively, their principal officer and places of business and Percentage Interests are as follows:

(i) The Investor Member, its principal office and place of business, and its Percentage Interest are as follows:

Housing Equity Fund of Virginia XXI, L.L.C. 1840 West Broad Street, Suite 200 Richmond, Virginia 23220	Capital Contribution of the Investor Member 55.99% as increased for purposes of the Company's books of account by the amount of the Capitalized Bridge Loan Interest allocable to the Investor Member, also as set forth in subparagraph (d) immediately below
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Housing Equity Fund of Virginia XXII, L.L.C. 1840 West Broad Street, Suite 200 Richmond, Virginia 23220	Capital Contribution of the Investor Member 43.99% as increased for purposes of the Company's books of account by the amount of the Capitalized Bridge Loan Interest allocable to the Investor Member, also as set forth in subparagraph (d) immediately below
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(ii) The Special Member, its principal office and place of business, its Percentage Interest and its Capital Contribution are as follows:

VAHM, LLC	\$10.00	0.011%
1840 West Broad Street, Suite 200		
Richmond, Virginia 23220		

(d) Investor Member Capital Contributions. Subject to the provisions of this Agreement, including, without limitation, the provisions of Sections 5.01(e) and 5.03, the Investor Member shall be obligated to make Capital Contributions to the Company in the aggregate amount of \$2,168,449 payable in installments as follows. However, in addition to such Contributions, the Capital Contributions of the Investor Members shall be deemed to include, and their respective Capital Accounts shall so reflect, each Investor Member's allocable share of Capitalized Bridge Loan Interest as determined by the Company's Accountants in consultation with each Investor Member.

(i) First Capital Contribution. The amount of the first Capital Contribution shall be Two Hundred Seventy-Five Thousand and No/100 Dollars (\$275,000). After satisfaction of all of the conditions set forth below, and review and approval of the items described below, the Investor Member shall make the first Capital Contribution. A portion of the first Capital Contribution in the amount of \$35,000 shall be used to pay the Investor Member's Due Diligence Costs and an additional portion of the first Capital Contribution shall be used to pay for approved costs of the Development of the Project and a portion of the Development Fee in the projected amount of \$50,000.

- (A) Title Policy. The Title Company shall have issued the Company's title policy in an amount equal to the acquisition and development cost of the Project, showing the Company as owner of fee simple title to the Land and subject to only such exceptions as are acceptable to the Investor Member, and containing fairways, non-imputation, zoning, survey, access, tax parcel and such other endorsements as the Investor Member may require;
- (B) Environmental Matters. The Investor Member shall have received a report satisfactory to the Investor Member confirming no material adverse environmental conditions, including, without limitation, evidence that radon gas is not present in any of the apartment units at a level above the recommended permitted safe level as determined by the Environmental Protection Agency or any other applicable governmental authority;
- (C) Legal Opinion. The Investor Member shall have received a legal opinion as set forth in Section 5.04;
- (D) Permanent Financing. The Investor Member shall have received copies of all commitment letters or agreements from all of the Company's anticipated financing

sources, in form and substance acceptable to the Investor Member, necessary to meet the Company's financial needs for the Project.

- (E) Survey. The Investor Member shall have received and approved an ALTA Survey, dated no more than ninety (90) days prior to the date of funding;
- (F) Plans and Specifications. The Investor Member shall have received and approved Plans and Specifications for the Project;
- (G) Permits. The Investor Member shall have received a copy of all permits and licenses required for the construction and rehabilitation of the Project, issued by the appropriate governmental authorities;
- (H) Construction Financing. Evidence that all construction financing proceeds are available, including copies of all executed construction financing documents;
- (I) Credits. Evidence from the Agency that the Project will qualify for annual LIHTC of at least \$235,701;
- (J) Construction Contract. The general construction contract, in form and substance acceptable to the Investor Member and with a fixed price or maximum upset price acceptable to the Investor Member, and with a general contractor reasonably acceptable to the Investor Member;
- (K) Financials. Current financial statements of the Developer, verification of background information to be provided to the Investor Member by the Managing Member and there having been no changes in the tax laws or treasury regulations or pronouncements or interpretations of existing tax issues that would materially and adversely affect the Investor Member's investment in the Company;
- (L) USDA Financing and Related Matters. Copies of the loan documents evidencing (1) the assumption of the existing USDA debt terms acceptable to the Investor Member, (2) the assumption of the Rental Assistance Agreement, (3) the continuation of the USDA Rural Development interest credit on the existing USDA debt, and (4) the acquisition of the funds held in the replacement reserve for the existing USDA debt; and
- (M) Other Documentation. The Investor Member shall have received such other documentation as it may reasonably request to satisfy its due diligence requirements including, without limitation, (i) those documents listed on the Investor Member's closing checklist, a copy of which has been previously delivered to the Managing Member; and (ii) such additional items requested by the Investor Member to otherwise

verify the accuracy of the representations and warranties and compliance with the covenants, duties and obligations set forth in Article IV.

(ii) Second Capital Contribution. The amount of the second Capital Contribution shall be Two Hundred Twenty-Five Thousand and No/100 Dollars (\$225,000). After satisfaction of all of the conditions set forth below, and review and approval by the Investor Member of the items described below, the Investor Member shall make the second Capital Contribution in the amount requested by the Managing Member in the manner set forth below to repay the Construction Loan and then to pay the cost of rehabilitation of the Project.

- (A) First Capital Contribution Paid. The occurrence of the Investor Member's first Capital Contribution;
- (B) Sworn Statements. The Investor Member shall have received a written request for an advance from the Managing Member in form satisfactory to the Investor Member, accompanied by current owner's and contractor's sworn statements;
- (C) Managing Member's Certificate. The Investor Member shall have received a certificate from the Managing Member that the representations, warranties and covenants in Sections 4.01 and 4.02 are true and accurate as of the date of the proposed Second Capital Contribution, and that the Managing Member and the Company are not in default of any of their obligations hereunder and under the Project Documents as of the date of the proposed Second Capital Contribution;
- (D) Physical Inspection. A construction consultant selected by the Investor Member shall have prepared a physical inspection report and certified that the amount requested by the Managing Member is in accordance with the labor and materials in place and showing at least 25% completion of the Project;
- (E) Title Policy. The Title Company shall have issued: (1) a "date down" endorsement to the title policy extending the effective date of the title policy to the date of funding and showing no exceptions to the title other than the exceptions reflected on the title policy as of Initial Closing, except as shall be acceptable to the Investor Member; (2) an endorsement affording mechanics lien coverage; and (3) such other endorsements as the Investor Member may reasonably require;
- (F) DHCD Loan Commitments. Issuance of the DHCD HOME Loan and DHCD VHTF Loan Commitment letters and payment of the DHCD loan fees all upon terms and conditions acceptable to the Investor Member; and
- (G) Other Documentation. The Investor Member shall have received such other documentation as it may reasonably request to verify the accuracy of the representations and warranties and compliance with the covenants, duties and

obligations set forth in Article IV and the Post Closing Obligations, if any, as set forth on **Exhibit K** attached hereto.

(iii) Third Capital Contribution. The amount of the third Capital Contribution shall be Two Hundred Twenty-Five Thousand and No/100 Dollars (\$225,000). After satisfaction of all of the conditions set forth below, and review and approval by the Investor Member of the items described below, the Investor Member shall make the third Capital Contribution in the amount requested by the Managing Member in the manner set forth below, to repay the Construction Loan and then to pay the cost of rehabilitation of the Project.

- (A) Second Capital Contribution Paid. The occurrence of the Investor Member's second Capital Contribution;
- (B) Sworn Statements. The Investor Member shall have received a written request for an advance from the Managing Member in form satisfactory to the Investor Member, accompanied by current owner's and contractor's sworn statements;
- (C) Managing Member's Certificate. The Investor Member shall have received a certificate from the Managing Member that the representations, warranties and covenants in Sections 4.01 and 4.02 are true and accurate as of the date of the proposed Second Capital Contribution, and that the Managing Member and the Company are not in default of any of their obligations hereunder and under the Project Documents as of the date of the proposed third Capital Contribution;
- (D) Physical Inspection. A construction consultant selected by the Investor Member shall have prepared a physical inspection report and certified that the amount requested by the Managing Member is in accordance with the labor and materials in place and showing at least 50% completion of the Project;
- (E) Title Policy. The Title Company shall have issued: (1) a "date down" endorsement to the title policy extending the effective date of the title policy to the date of funding and showing no exceptions to the title other than the exceptions reflected on the title policy as of Initial Closing, except as shall be acceptable to the Investor Member; (2) an endorsement affording mechanics lien coverage; and (3) such other endorsements as the Investor Member may reasonably require;
- (F) Rehabilitation Expenditures. Evidence that the Project has achieved or will achieve no later than December 31, 2020, rehabilitation expenditures for each building in an amount not less than the greater of: (a) 20% of the adjusted basis of such building; or (b) \$7,000 per Low-Income Unit in such building; and
- (G) Other Documentation. The Investor Member shall have received such other documentation as it may reasonably request to verify the accuracy of the

representations and warranties and compliance with the covenants, duties and obligations set forth in Article IV and the Post Closing Obligations, if any, as set forth on **Exhibit K** attached hereto.

(iv) **Fourth Capital Contribution.** The amount of the fourth Capital Contribution shall be Two Hundred Twenty-Five Thousand and No/100 Dollars (\$225,000). After satisfaction of all of the conditions set forth below, and review and approval by the Investor Member of the items described below, the Investor Member shall make the Fourth Capital Contribution in the amount requested by the Managing Member in the manner set forth below, to repay the Construction Loan, to fund the Lease up Reserve in the amount of \$10,000 and then to pay the cost of rehabilitation of the Project.

- (A) **Third Capital Contribution Paid.** The occurrence of the Investor Member's third Capital Contribution;
- (B) **Sworn Statements.** The Investor Member shall have received a written request for an advance from the Managing Member in form satisfactory to the Investor Member, accompanied by current owner's and contractor's sworn statements;
- (C) **Managing Member's Certificate.** The Investor Member shall have received a certificate from the Managing Member that the representations, warranties and covenants in Sections 4.01 and 4.02 are true and accurate as of the date of the proposed Fourth Capital Contribution, that the Managing Member and the Company are not in default of any of their obligations hereunder and under the Project Documents as of the date of the proposed fourth Capital Contribution;
- (D) **Physical Inspection.** A construction consultant selected by the Investor Member shall have prepared a physical inspection report and certified that the amount requested by the Managing Member is in accordance with the labor and materials in place and showing at least 75% completion of the Project;
- (E) **Title Policy.** The Title Company shall have issued: (1) a "date down" endorsement to the title policy extending the effective date of the title policy to the date of funding and showing no exceptions to the title other than the exceptions reflected on the title policy as of Initial Closing, except as shall be acceptable to the Investor Member; (2) an endorsement affording mechanics lien coverage; and (3) such other endorsements as the Investor Member may reasonably require; and
- (F) **Other Documentation.** The Investor Member shall have received such other documentation as it may reasonably request to verify the accuracy of the representations and warranties and compliance with the covenants, duties and obligations set forth in Article IV and the Post Closing Obligations, if any, as set forth on **Exhibit K** attached hereto.

(v) Fifth Capital Contribution. The amount of the fifth Capital Contribution shall be Nine Hundred Sixty-Five Thousand and Four Hundred Forty-Nine and No/100 Dollars (\$965,449.00). After satisfaction of all of the conditions set forth below, and review and approval by the Investor Member of the items described below, the Investor Member shall make the fifth Capital Contribution in the amount requested by the Managing Member in the manner set forth below, to repay the Construction Loan, then to pay for the cost of rehabilitation of the Project and then to pay a portion of the Development Fee in the projected amount of \$148,315.

- (A) Fourth Capital Contribution Paid. The occurrence of the Investor Member's fourth Capital Contribution;
- (B) DHCD HOME Loan and DHCD VHTF Loan. Executed copies of the documents relating to the DHCD HOME Loan and DHCD VHTF Loan, in a form acceptable to the Investor Member, and the Company shall have received the funding of such Loans as described in **Exhibit F**
- (C) Final Closing. Simultaneously with Final Closing, provided that the Investor Member has received fifteen (15) days' prior written notice of the date of Final Closing, and has received copies of any loan documents (including loan riders) executed in connection with the permanent financing that have not been previously delivered to the Investor Member;
- (D) Substantial Completion. Substantial Completion of the Project shall have occurred;
- (E) Survey. The Investor Member shall have received and approved an updated and recertified as-built survey satisfactory to the Investor Member dated no more than thirty (30) days prior to the date of funding;
- (F) As Built Plans and Specifications. The Managing Member shall have submitted to the Investor Member a written document executed by the Managing Member, the architect and the Contractor certifying no material change to the "for-construction" Plans and Specifications previously approved by the Project Lenders and Investor Member;
- (G) Permits, Licenses and Certificates of Occupancy. The Investor Member shall have received a copy of any permits and licenses which are required for the operation and use of the Project and a copy of the final and unconditional certificate or certificates of occupancy, or the equivalent, issued by the appropriate governmental authorities for the Project in its entirety;
- (H) Cost Certification. Receipt of a draft cost certification of Eligible Basis (as defined in Code Section 42(d)) for the Project prepared by the Accountants;

- (I) Managing Member Certificate. Receipt of a certificate from the Managing Member that (1) the representations, warranties and covenants in Sections 4.01 and 4.02 continue to be true and accurate through the date of the proposed Fifth Capital Contribution and (2) the Company and the Managing Member are not in default of any of their obligations with respect to the Company or the Project at such time;
- (J) Legal Opinion. The Investor Member shall have received an update of the legal opinion previously delivered to the Investor Member in connection with its making the Initial Capital Contribution;
- (K) Evidence of Applicable Fraction. The Investor Member shall have received satisfactory evidence that the Applicable Fraction (as defined in Code Section 42(c)(1)(B)) for the Project equals or exceeds forty percent (40%) determined as of the date of the proposed Third Capital Contribution;
- (L) Architect's Certificate. The Managing Member shall have delivered to the Investor Member an architect's certificate of substantial completion in the form requested by the Investor Member;
- (M) Payment of Taxes. The Investor Member shall have received satisfactory evidence (which may be included in the title policy described in subparagraph (O) immediately below) that all real property taxes and assessments for the Project due and payable through the date of funding have been timely and fully paid;
- (N) Title Policy. The Title Company shall have issued a final date down endorsement to the title policy extending the date of the title policy through the date of final funding of the Project Loans and the Third Capital Contribution and showing no exceptions to title other than those exceptions reflected on the title policy as of Initial Closing and other exceptions as may be acceptable to the Investor Member;
- (O) Managing Member Elections. The Managing Member will provide evidence that it has made the election to be taxable under Code Section 168(h)(6)(F)(ii) and that such election was effective prior to placement in service of the Project. The Managing Member will also provide evidence that it has filed Form 8832 with the IRS electing to be taxed as a corporation and that such election was effective prior to placement in service of the Project; and
- (P) Other Documentation. The Investor Member shall have received such other documentation as it may reasonably request to verify the accuracy of the representations and warranties and compliance with the covenants, duties and obligations set forth in Article IV and the Post Closing Obligations, if any, as set forth on **Exhibit K** attached hereto.

Amounts disbursed pursuant to Sections 5.01(d)(i) through (v), and to the extent necessary to pay for the costs of construction or rehabilitation, any amount under Section 5.01(d)(vi), shall be disbursed through an escrow agreement in form and substance satisfactory to the Investor Member. All investment earnings on the Investor Member's Capital Contributions disbursed through an escrow shall inure to the benefit and belong to the Investor Member.

(vi) Sixth Capital Contribution. The amount of the sixth Capital Contribution shall be One Hundred Fifty Thousand and No/100 Dollars (\$150,000). After satisfaction of all of the conditions set forth below, and review and approval by the Investor Member of the items described below, the Investor Member shall make the sixth Capital Contribution in the amount requested by the Managing Member in the manner set forth below, to pay a portion of the Development Fee in the projected amount of \$150,000. Notwithstanding, the foregoing, \$10,000 of the Developer Fee shall be withheld until the Project has achieved at least six (6) months of Breakeven Operations.

- (A) Fifth Capital Contribution Paid. The occurrence of the Investor Member's fifth Capital Contribution;
- (B) Qualified Occupancy. Achievement of occupancy of one hundred percent (100%) of the residential units in the Project by Qualified Tenants, and the Managing Member, if requested by the Investor Member, shall demonstrate such occupancy by submitting to the Investor Member certified rent rolls and tenant qualification forms that confirm that such tenants qualify under Section 42 of the Code;
- (C) Breakeven Operation. The last day of the month following the month in which Breakeven Operations occurs (with the Project having achieved at least 95% physical and economic occupancy for consecutive six month period in which Breakeven Operations has been achieved); provided, however, if Breakeven Operations has been met for three consecutive months, then Investor Member will release all of the sixth Capital Contribution targeted to pay a portion of the Development Fee, except for \$10,000 which hold back will be released to pay the Development Fee upon the achievement of six consecutive months of Breakeven Operations;
- (D) Managing Member Certificate. The Investor Member shall have received a certificate from the Managing Member that (1) the representations, warranties and covenants in Sections 4.01 and 4.02 are true and accurate as of the date of the proposed Sixth Capital Contribution and (2) the Company and the Managing Member are not in default of any of their obligations with respect to the Company or Project at such time;
- (E) Company Tax Return. The Investor Member shall have received a complete copy of the Company's 2017 and 2018 tax returns, if not previously delivered;

- (F) Other Documentation. The Investor Member shall have received such other documentation as it may reasonably request to verify the accuracy of the representations and warranties and compliance with the covenants, duties and obligations set forth in Article IV;
- (G) Cost Certification. Receipt of an audited cost certification of Eligible Basis (as defined in Code Section 42(d)) for the Project prepared by the Accountants;
- (H) 8609's. Receipt of the Form(s) 8609 for the entire Project executed by the Agency;
- (I) Environmental Matters. The Managing Member shall have provided the Investor Member evidence that the construction of the Project did not result in the filling or disturbance of any wetlands and that any actions recommended to be taken which were contained in any environmental assessment reports prepared in conjunction with the development of the Project have been appropriately completed in a manner that fully complies with such recommendations and all laws, regulations, ordinances, orders or decrees pertaining to environmental matters; and
- (J) Other Documentation. The Investor Member shall have received such other documentation as it may reasonably request to verify the accuracy of the representations and warranties and compliance with the covenants, duties and obligations set forth in Article IV and the Post Closing Obligations, if any, as set forth in **Exhibit K** attached hereto.

(vii) Seventh Capital Contribution. The amount of the seventh Capital Contribution shall be One Hundred Three Thousand and No/100 Dollars (\$103,000.00). After satisfaction of all of the conditions set forth below, and review and approval by the Investor Member of the items described below, the Investor Member shall make the seventh Capital Contribution in the amount requested by the Managing Member in the manner set forth below, to set up the Operating Reserve. Notwithstanding the foregoing, this seventh Capital Contribution shall be made within twenty-four (24) months of the date the Project is eligible to receive the final \$10,000 of the sixth Capital Contribution. Any amounts not deposited immediately upon the Investor Member's review and approval of the items described below will accrue interest at 1.5% per annum to be paid to the Company by the Investor Member. If the Members determine there is a need for the Operating Reserve within the aforementioned twenty-four (24) month period, the Investor Member may release this seventh Capital Contribution to the Company.

- (A) Sixth Capital Contribution Paid. The occurrence of the Investor Member's sixth Capital Contribution; and
- (B) Other Documentation. The Investor Member shall have received such other documentation as it may reasonably request to verify the accuracy of the representations and warranties and compliance with the covenants, duties and

obligations set forth in Article IV and the Post Closing obligation, if any, as set forth in **Exhibit K** attached hereto.

(viii) Investor Member's Special Additional Capital Contributions. If, in any fiscal year of the Company, the Investor Member's Capital Account balance may be reduced to or below zero, the Investor Member may, in its sole and absolute discretion, make a Special Additional Capital Contribution to the Company, in an amount reasonably required to avoid the reduction of the Investor Member's Capital Account balance to or below zero. If the Investor Member makes a Special Additional Capital Contribution to the Company pursuant to this paragraph, the Investor Member shall receive a guaranteed payment pursuant to Section 5.06 for the use of its Special Additional Capital Contribution. Whenever the Investor Member makes a Special Additional Capital Contribution to the Company pursuant to this paragraph, the Managing Member shall have the option, in its sole and absolute discretion, to make Special Additional Capital Contributions to the Company, up to the same amount and on the same terms in the aggregate as the Special Additional Capital Contribution made by the Investor Member at that time.

(e) Adjustment to Capital Contributions of Investor Member. Following determination of Certified Credits, the Accountants shall make a determination as to whether there is a Downward Capital Adjustment. If events subsequent to such determination result in a decrease in the Capital Contributions of the Investor Member due to a Late Delivery Capital Adjustment, then the Accountants shall recalculate the Downward Capital Adjustment to take into account such Late Delivery Capital Adjustment. Following the determination of a Downward Capital Adjustment and/or a Late Delivery Capital Adjustment, the Managing Member or the Company, as appropriate, shall make payments as required under Section 5.01(e)(ii).

(i) The following definitions shall apply for purposes of determining adjustments to Capital Contributions:

- A. "Certified Credit Capital Adjustment" shall equal the product of (A) Certified Credits for the Credit Period (excluding any LIHTC resulting from an increase in qualified basis under Code Section 42(f)(3)), minus \$235,701, times (B) \$0.9200 and (C) times ten (10). The Certified Credit Capital Adjustment may be a positive or negative number.
- B. "Certified Credit Capital Decrease" means a negative Certified Credit Capital Adjustment.
- C. "Certified Credit Capital Increase" means a positive Certified Credit Capital Adjustment.
- D. "Downward Capital Adjustment" shall mean the following: (A) if either there is a Certified Credit Capital Decrease or if the Certified Credit Capital Adjustment is zero, then the Certified Credit Capital Decrease plus the Late Delivery Capital

Adjustment; or (B) if there is a Certified Credit Capital Increase, the positive amount, if any, by which the Late Delivery Capital Adjustment exceeds the Certified Credit Capital Increase.

- E. "Late Delivery Capital Adjustment" shall mean for calendar year 2020 the amount, if any, by which \$201,328, exceeds Actual Credits for each respective year.
- F. "Early Delivery Capital Adjustment" shall mean the product of (a) \$0.5000 and (b) the amount, if any, by which Actual Credits for calendar year 2020 exceed \$201,328 (but in no event shall the total Early Delivery Capital Adjustment exceed \$10,000); provided, however, that if the Project does not achieve 100% Qualified Occupancy by March 31, 2020 then the Investor Member shall not be obligated to make an Early Delivery Capital Adjustment despite the delivery of Actual Credit as described herein

(ii) If there is a Downward Capital Adjustment, then the Capital Contributions of the Investor Member shall be immediately reduced by the Downward Capital Adjustment. The Downward Capital Adjustment shall first reduce the fourth Capital Contribution (if it has not previously been funded), and then to the extent necessary, the fifth Capital Contribution, and then to the extent necessary, the remaining Capital Contributions. If the Downward Capital Adjustment exceeds the total of all unfunded Capital Contributions (prior to the reduction under this provision), then the Managing Member shall make a payment immediately to the Company equal to the amount of such excess, and the Company shall immediately distribute such amount to the Investor Member as a return of its Capital Contributions. Such payment by the Managing Member shall constitute a non-reimbursable funding by it of Excess Development Costs and shall not give rise to any right as a loan or Capital Contribution or result in any increase in the Capital Account of the Managing Member. In the event that the Managing Member fails to make such payment in full and the Investor Member, in its sole discretion, elects not to exercise its remedies under Sections 5.05 or 6.05, as applicable, any amount not so paid by the Managing Member as required shall be payable out of Net Cash Flow and proceeds of Capital Transactions, as provided under Sections 11.03 and 11.04. Any payment required to be paid to the Investor Member pursuant to the preceding sentence out of Net Cash Flow and the proceeds of Capital Transactions shall be referred to as a "LIHTC Reduction Guaranty Payment". The Early Delivery Capital Adjustment, if applicable, shall be made at the time of the sixth Capital Contribution.

(f) Payment of Investor Member Due Diligence Costs. The Managing Member shall pay the costs and expenses incurred by the Investor Member in connection with the due diligence activities of the Investor Member and the closing of the transactions described herein, including Investor Member's legal fees and expenses, such Investor Member Due Diligence Costs not to exceed \$35,000.

(g) Additional Investor Members. Without the Consent of all of the Members, no additional Persons may be admitted as additional Investor Members and Capital Contributions may be accepted only as and to the extent expressly provided for in this Article V.

(h) Deposit of Capital Contributions. Except as otherwise provided in Section 5.01(d) herein, the cash portion of the Capital Contributions of each Member shall be deposited at the Managing Member's discretion in a checking, savings and/or money market or similar account to be established and maintained in the name of the Company or invested in government securities or certificates of deposit issued by any bank. Thereafter, such amounts shall be utilized for the conduct of the Company business pursuant to the terms of this Agreement.

(i) No Liability for Investor Member or Special Member. Except as may otherwise be provided under applicable law, no Investor Member or Special Member shall be bound by, or personally liable for, the expenses, liabilities or obligations of the Company.

(j) Payment of Environmental Assessment Consultant Fees. The Managing Member acknowledges that, on behalf of the Investor Member, the Investor Member (or is Affiliate) may retain an environmental consultant (the "Environmental Consultant") to review and give recommendations related to environmental reports that are provided to the Investor Member by the Managing Member (including, but not limited to, Phase I and Phase II environmental assessments, wetlands reports, lead and asbestos reports, abatement reports and other environmental reports required by the Environmental Consultant, to the reasonable satisfaction of the Environmental Consultant) for the Land, or the construction and rehabilitation of existing buildings, if the reports indicate the possible presence of hazardous materials on or near the Project or if such reports appear incomplete or inadequate for purposes of making such a determination. The Company shall be solely responsible for the payment of the fees of the Environmental Consultant.

5.02 Return of Capital Contribution. Except as provided in this Agreement, no Member shall be entitled to demand or receive the return of his Capital Contribution.

5.03 Withholding of Capital Contribution Upon Default.

(a) Conditions Giving Rise to Withholding. In the event that (a) the Managing Member, or any successor Managing Member shall not have substantially complied with any material provisions under this Agreement or the operating agreement as to an Affiliated Company, after Notice from the Investor Member of such noncompliance and failure to cure such noncompliance within a period of thirty (30) days from and after the date of such Notice, or (b) any Project Lender shall have declared the Company to be in default under any Project Loan or under any of the mortgage loans as to an Affiliated Company, or (c) foreclosure proceedings shall have been commenced against the Project or against the Project owned by an Affiliated Company, then the Company and the Managing Member shall be in default of this Agreement, and the Investor Member, at its sole election, may cause the withholding of payment of any Capital Contribution otherwise payable to the Company (including while any cure period is in effect).

(b) Release to Company Following Cure. All amounts so withheld by the Investor Member under this Section 5.03 shall be promptly released to the Company only after the Managing Member or the Company has cured the default justifying the withholding, as demonstrated by evidence reasonably acceptable to the Investor Member.

5.04 Legal Opinions. As a condition precedent to the Investor Member's obligation to make its Capital Contributions hereunder, the Investor Member must receive the opinion of Curcio & Curcio, PC, Counsel for the Company and the Managing Member, which opinion shall explicitly state that Applegate & Thorne-Thomsen, P.C. of Chicago, Illinois, counsel to the Investor Member, may explicitly rely upon it, that:

(a) the Company is a duly formed and validly existing limited liability company under the Act, and the Company has full power and authority to own and operate the Project and to conduct its business hereunder; the Company is duly qualified to transact its business in the Commonwealth of Virginia; the Investor Member has been validly admitted as an Investor Member of the Company entitled to all the benefits of an Investor Member under this Agreement, and the Interest of the Investor Member in the Company is the Interest of an investor member with no personal liability for the obligations of the Company, and the exercise of the rights and remedies of the Investor Member under this Agreement do not constitute participating in the control of the business of the Company;

(b) the Managing Member is duly and validly organized and is validly existing in good standing as a corporation/limited liability company under the laws of the Commonwealth of Virginia, with full power and authority to enter into and perform its obligations hereunder and under the Managing Member Pledge; the Managing Member is duly qualified to transact its business in the Commonwealth of Virginia;

(c) unless otherwise permitted under this Agreement, there is and shall be no direct or indirect personal liability of the Company or of any of the Members or their Affiliates for the repayment of the principal of and payment of interest on any Project Loan, and the sole recourse of the Project Lender, with respect to the principal thereof and interest thereon, shall be to the assets of the Company securing such indebtedness;

(d) execution of this Agreement and the Managing Member Pledge by the Managing Member has been duly and validly authorized by or on behalf of such Managing Member and, having been executed and delivered in accordance with its terms, this Agreement and the Managing Member Pledge constitute the valid and binding agreement of the Managing Member, enforceable in accordance with their respective terms, and execution hereof and thereof by the Managing Member is not in violation of any contract, agreement, charter, bylaw, resolution, judgment, order, decree, law or regulation to which the Managing Member is bound or as to which it is subject;

(e) the Company owns fee simple title to the Project, subject only to the Project Loans, the Mortgages, and such other liens, charges, easements, restrictions and encumbrances as are set forth in the title insurance policy issued to the Company. Such opinion may be based on a review of the title insurance policy issued in accordance with Section 4.01 herein, provided Counsel has no actual knowledge to the contrary;

(f) to the best of its knowledge after due inquiry, there are no defaults existing with respect to any of the Project Documents;

(g) to the best of its knowledge after due inquiry, no event of Bankruptcy has occurred with respect to the Company or the Managing Member; and

(h) the Affiliate Guaranty has been duly executed by the Affiliate Guarantor and constitutes the valid and binding obligation of the Affiliate Guarantor, enforceable in accordance with its terms; and

(i) the Company has received a carryover allocation of LIHTC for the Projected Credits from the Agency, which is the appropriate state of local authority for the jurisdiction in which the Project is located.

In addition, the Investor Member shall have received from counsel to Investor Member an overall tax opinion, addressing all material tax issues and indicating that the financial projections and tax credit calculation contained in the Development Budget appear reasonable and complete.

5.05 Repurchase Obligation.

(a) Conditions for Repurchase. If (i) Final Closing has not occurred by December 31, 2020 (or such later date as may be Consented to by the Investor Member); (ii) the Company has not received State Designation for the remainder of the LIHTC's or the IRS Form(s) 8609 is not issued by the Agency, so as to allow the Credit Period to commence in 2020; (iii) the Company fails to meet the Minimum Set-Aside Test and the Rent Restriction Test by the close of the first year of the Credit Period or at any time thereafter; (iv) the Company's basis in the Project for federal income tax purposes, as finally determined by the Accountants or pursuant to an audit by the IRS, as of no later than December 31, 2018, shall have been less than ten percent (10%) of the Company's reasonably expected basis in the Project, as required pursuant to Section 42(h)(1)(E) of the Code; (v) an Extended Use Agreement is not in effect before the end of the first year of the Credit Period; (vi) the Project has not generated at least 95% of the Projected LIHTC for the year 2020, then the Managing Member shall, within fifteen (15) days of the occurrence thereof, send to e Investor Member Notice of such event and of its obligation to purchase the Interest of the Investor Member hereunder and return to the Investor Member its Capital Contributions in the event the Investor Member, in its sole discretion, requires in a Notice to the Managing Member such purchase of the Interest of the Investor Member. Thereafter, the Managing Member, within thirty (30) days of the

mailing date of Notice by the Investor Member of such election, shall acquire the entire Interest of the Investor Member in the Company by making payment to the Investor Member, in cash, of an amount equal to the sum of its Capital Contributions, plus interest on such amount at the rate of fourteen percent (14%) per annum, but in no event higher than the highest rate permitted by applicable law.

(b) Upon receipt by the Investor Member of any such payment of its Capital Contributions, the Interest of the Investor Member and all further obligations of the Investor Member hereunder shall terminate, and, to the extent that the Investor Member has acted in accordance with the terms of this Agreement, the Managing Member shall indemnify and hold harmless the Investor Member from any losses, damages, and/or liabilities, to or as a result of claims of Persons other than Members or Affiliates thereof, to which the Investor Member (as a result of its respective participation hereunder) may be subject.

5.06 Guaranteed Payments. No later than ninety (90) days after the end of the Company's fiscal year, any Member who has made a Special Additional Capital Contribution pursuant to Section 5.01(d)(viii) shall receive, as a guaranteed payment for the use of its capital, an amount equal to the annual interest earned by the Company, if any, on such Special Additional Capital Contributions. The Company shall invest any amounts contributed as a Special Additional Capital Contribution as reasonably directed by the contributing Member. Any guaranteed payment due to a Member shall be deemed an expense of the Company for purposes of determining Net Cash Flow. Any guaranteed payment which is not paid when due shall remain a liability of the Company and shall bear interest as set forth above.

5.07 MM Loans.

(a) MM Loans. The Managing Member shall have the right, but not the obligation, after funding all other obligations under this Agreement, including, without limitation, its obligation to fund Excess Development Costs under its Construction Completion Guaranty under Section 8.11(a) or Operating Deficit under its Operating Deficit Guaranty under Section 8.11(b) hereof, to make "MM Loans" pursuant to this Section 5.07(a) to fund Operating Deficits of the Company or to fund other reasonable and necessary obligations of the Company, provided, however, that the Managing Member shall not enter into any such MM Loan with the Company if such MM Loan would cause a reallocation of LIHTC or tax benefits among the Members. MM Loans shall be on the following terms: (i) interest shall accrue on the MM Loans at an annual interest rate of eight percent (8%), compounded annually; (ii) MM Loans shall be repayable solely as set forth in Sections 11.03 and 11.04 of this Agreement.

(b) Documentation of MM Loans. At the request of a Member, which request may be made quarterly, any MM Loan shall be evidenced by a non-negotiable promissory note or notes reflecting any such MM Loans made during the preceding calendar quarter. MM Loans shall be unsecured loans. MM Loans shall not be considered Capital Contributions and shall not increase such Member's Capital Account.

(c) Usury Savings Clause. Notwithstanding anything to the contrary herein or in any note evidencing a MM Loan, in no event shall interest accrue on any MM Loan at a rate in excess of the highest rate permitted by applicable law, and if such designated interest rate should be in excess of such interest rate, the interest rate designated hereunder shall be reduced to the maximum rate of interest permitted by such law.

ARTICLE VI CHANGES IN MANAGING MEMBERS

6.01 Withdrawal of the Managing Member.

(a) The Managing Member may withdraw from the Company or sell, transfer or assign its Interest as Managing Member only with the prior Consent of the Investor Member, and of the Agency and the Project Lenders, if required, and only after being given written approval by the necessary parties as provided in Section 6.02, and by the Agency and the Project Lenders, if required, of the Managing Member(s) to be substituted for it or to receive all or part of its Interest as Managing Member.

(b) In the event that a Managing Member withdraws from the Company or sells, transfers or assigns its entire Interest pursuant to Section 6.01(a), it shall be and shall remain liable for all obligations and liabilities incurred by it as Managing Member before such withdrawal, sale, transfer or assignment shall have become effective, but shall be free of any obligation or liability incurred on account of the activities of the Company from and after the time such withdrawal, sale, transfer or assignment shall have become effective.

6.02 Admission of a Successor or Additional Managing Member. A Person shall be admitted as a Managing Member of the Company only if the following terms and conditions are satisfied:

(a) the admission of such Person shall have been Consented to by the Managing Member and the Investor Member, and consented to by the Agency and the Project Lenders, if required;

(b) the successor or additional Person shall have accepted and agreed to be bound by (i) all the terms and provisions of this Agreement by executing a counterpart thereof, (ii) all the terms and provisions of the Loan Agreement and the Project Documents by executing counterparts thereof or an assumption agreement, if requested by the Project Lenders, and (iii) all the terms and provisions of such other documents or instruments as may be required or appropriate in order to effect the admission of such Person as a Managing Member, and a certificate of amendment to the Articles of Organization evidencing the admission of such Person as a Managing Member shall have

been filed, and all other actions required by Section 1.07 in connection with such admission shall have been performed;

(c) if the successor or additional Person is a corporation, it shall have provided the Company with evidence satisfactory to counsel for the Company of its authority to become a Managing Member, to do business in the Commonwealth of Virginia and to be bound by the terms and provisions of this Agreement; and

(d) Counsel for the Company shall have rendered an opinion that the admission of the successor or additional Person is in conformity with the Act and that none of the actions taken in connection with the admission of the successor Person will cause the termination or dissolution of the Company or will cause it to be classified other than as a partnership for federal income tax purposes.

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

(a) In the event of the Bankruptcy of a Managing Member or the withdrawal, death or dissolution of a Managing Member, or an adjudication that a Managing Member is incompetent (which term shall include, but not be limited to, insanity) the business of the Company shall be continued by the other Managing Member(s); provided, however, that if the withdrawn, Bankrupt, deceased, dissolved or incompetent Managing Member is then the sole Managing Member, or if such Managing Member withdraws from the Company in contravention of the provisions of Section 6.01(a) of this Agreement, then the Company shall be terminated, unless within ninety (90) days after receiving Notice of such Bankruptcy, withdrawal, death, dissolution or adjudication of incompetence or breach of Section 6.01(a), the Investor Member elects to designate the Special Member or such other entity as the Investor Member may desire as a successor Managing Member and continue the Company upon the conversion of such Special Member to the Managing Member of the Company. Consequences of the removal of the Managing Member shall be determined under Section 6.05 hereof.

(b) Upon the Bankruptcy, death, dissolution or adjudication of incompetence of a Managing Member or breach of Section 6.01(a), such Managing Member shall immediately cease to be a Managing Member and its Interest shall without further action be converted to an Investor Member Interest; provided, however, that, if such Bankrupt, dissolved, incompetent, deceased or defaulted Managing Member is the sole remaining Managing Member, such Managing Member shall cease to be a Managing Member only upon the expiration of ninety (90) days after Notice to the Investor Member of the Bankruptcy, death, dissolution, declaration of incompetence or default of such Managing Member; and provided further that, if such Bankrupt, dissolved, incompetent, deceased or defaulted Managing Member is the sole remaining Managing Member, the converted Company Interest of such replaced Managing Member shall be ratably reduced to the extent necessary to insure that the substitute Managing Member(s) holds a .009% Percentage Interest (as set forth in Section 5.01).

(c) Except as set forth above, such conversion of a Managing Member Interest to an Investor Member Interest shall not affect any rights, obligations or liabilities (including without limitation, any of the Managing Member's obligations under Section 8.11 herein) of the Bankrupt, deceased, dissolved, removed, incompetent or defaulted Managing Member existing prior to the Bankruptcy, death, dissolution, removal, incompetence or default of such person as a Managing Member (whether or not such rights, obligations or liabilities were known or had matured).

(d) If, at the time of the withdrawal, Bankruptcy, death, dissolution, adjudication of incompetence or default under Section 6.01(a) of a Managing Member, the Bankrupt, withdrawn, deceased, dissolved, incompetent or defaulted Managing Member was not the sole Managing Member of the Company, the remaining Managing Member or Managing Members shall immediately (i) give Notice to the Investor Members of such Bankruptcy, death, dissolution, adjudication of incompetence or default, and (ii) make such amendments to this Agreement and execute and file such amendments or documents or other instruments as are necessary to reflect the conversion of the Interest of the Bankrupt, deceased, dissolved, incompetent or defaulted Managing Member and his having ceased to be a Managing Member. The remaining Managing Member or Managing Members are hereby granted an irrevocable power of attorney, coupled with an interest, to execute any or all documents on behalf of the Members and the Company and to file such documents as may be required to effectuate the provisions of this Section 6.03.

6.04 Restrictions on Transfer of Managing Member's Interests. This is an agreement under which applicable law excuses the Investor Member from accepting performance from (i) any Managing Member which a debtor in a case under the Bankruptcy Code is, 11 U.S.C. § 101 et seq., (ii) a trustee of any such debtor, (iii) and/or the assignee of any such debtor or trustee. The Investor Member has entered into this Agreement with the Managing Member in reliance upon the unique knowledge, experience and expertise of the Managing Member, and its officers in the planning and implementation of the acquisition of the Project and in the area of affordable housing and development in general. The foregoing restriction on transfer is based in part on the above factors. The Managing Member expressly agrees that the Investor Member shall not be required to accept performance under this Agreement from any person other than the Managing Member, including, without limitation, any trustee of the Managing Member appointed under the Bankruptcy Code, 11 U.S.C. § 101 et seq., and any assignee of any such trustee.

6.05 Removal of the Managing Member.

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

(i) for (A) any fraud, gross negligence, intentional misconduct, or breach of fiduciary duty, or (B) failure to exercise reasonable care with respect to any material matter in the discharge of its duties and obligations as Managing Member (provided that such violation results in,

or is likely to result in, a material detriment to or an impairment of the Project or assets of the Company), or

(ii) upon the occurrence of any of the following:

(A) the Managing Member or the Company shall have violated any material provisions of the Regulatory Agreement, the Extended Use Agreement and/or the Loan Agreement, or any material provisions of any other Project Document or other document required in connection with any Project Loan or any material provisions of a Project Lender and/or Agency requirements applicable to the Project, which violation has not been explicitly waived in writing by the applicable Project Lender or the Agency, as applicable;

(B) the Managing Member or the Company shall have (i) violated any material provision of this Agreement, including, without limitation, any of its guarantees or payment obligations under Sections 5.01(e), 5.05 and/or 8.11, (ii) violated any material provision of applicable law, or (iii) the representation and warranty contained in Section 4.01(u) are and/or becomes false or inaccurate;

(C) the Managing Member or the Company shall have caused any Project Loan to go into default, which default remains uncured after the expiration of any applicable cure period;

(D) the Managing Member shall have conducted its own affairs or the affairs of the Company in such manner as would:

(1) cause the termination of the Company for federal income tax purposes;

(2) cause the Company to be treated for federal income tax purposes as an association, taxable as a corporation;

(3) in the reasonable opinion of the Investor Member, cause a recapture or reduction in Certified Credits;

(4) violate any federal or state securities laws;

(5) cause the Investor Member to be liable for Company obligations in excess of its Capital Contributions; or

(E) the amount of Actual Credits for any year are, or are projected by the Accountants to be, less than ninety percent (90%) of the Projected Credits for that year; or less than ninety percent (90%) of Certified Credits if Certified Credits have been determined and adjustments to the capital contribution of the Investor Member have been made as may be required under Section 5.01(e);

(F) cause for removal as a managing member of an Affiliated Company shall exist pursuant to the operating agreement of an Affiliated Company;

(G) the Managing Member fails to timely and promptly discharge the Management Agent if at any time cause for such removal exists;

(H) Bankruptcy or similar creditor's action is filed by or against the Company, the Managing Member or any Affiliate Guarantor; or

(I) any default by the Affiliate Guarantor under the Affiliate Guaranty;

(J) failure of the Affiliate Guarantor to maintain a minimum net worth of \$300,000;

(K) failure of the Company to achieve Breakeven Operations within six months of the Company's achievement of 95% occupancy; or

(L) any act or omission by the Managing Member that would substantially reduce tax benefits, or substantially increase tax liabilities, of the Investor Member.

(b) Procedure for Removal. The Investor Member shall give Notice to all Members and to the Project Lenders of its determination that the Managing Member shall be removed. The Managing Member shall have ten (10) days after receipt of such Notice to cure any default or other reason for such removal, in which event it shall remain as Managing Member. If, at the end of ten (10) days, the Managing Member has not cured any default or other reason for such removal, it shall cease to be Managing Member and the powers and authorities conferred on it as Managing Member under this Agreement shall cease and the Interests of such Managing Member shall be transferred to the Special Member or its designee which, without further action, shall become the Managing Member; in such event, upon becoming the Managing Member, such designee shall be bound by all applicable terms and conditions of this Agreement and of the Project Documents.

(c) Managing Member Obligations and Liability Following Removal.

(i) In the event that the Managing Member is removed as aforesaid prior to the Final Closing, it shall be and shall remain liable for all obligations and liabilities incurred by it as Managing Member of the Company before such removal shall become effective, including but not limited to the obligations and liabilities of the Managing Member with respect to its obligations set forth in Section 8.11 of this Agreement; provided however, that if amounts otherwise payable to the Managing Member as fees are applied to meet the obligations of the Managing Member as stated in Sections 5.01, 5.05 and 8.11 of this Agreement, such application shall serve to reduce any such liabilities of the Managing Member or any successor, except for any liability incurred as the result of its negligence, misconduct, fraud or breach of its fiduciary duties as Managing Member of the Company. If the Managing Member is removed as Member of the Company prior to the Final Closing as aforesaid, the Managing Member shall not be entitled to payment of the Incentive Management Fee or other fees which otherwise would have been due and payable under or pursuant to various Sections of this Article VI or Article VII.

(ii) In the event that the Managing Member is removed as aforesaid after the Final Closing, it shall be and shall remain liable for all obligations and liabilities incurred by it as Managing Member of the Company before such removal shall become effective, including but not limited to the Managing Member's obligations and liabilities under Section 8.11(b) of this Agreement; provided, however, that if amounts otherwise payable to the Managing Member or Affiliates thereof as fees are applied by the Company to pay Operating Deficits, such application shall serve to reduce any such liabilities after the Final Closing, except for any liability incurred as the result of its negligence, misconduct, fraud or breach of its fiduciary duty as Managing Member of the Company. If the Managing Member is removed as Member of the Company at any time after the Final Closing, the Developer or its successor(s) shall continue to be paid subsequent to such removal, in accordance with the terms and conditions of this Agreement, any installments of the Development Fee which would have otherwise been due and payable to it pursuant to Section 8.12 and which are not otherwise being withheld; provided, however, upon any such removal of the Managing Member after the Final Closing, no further installments of the Incentive Management Fee shall be paid which are attributable to any period after such removal.

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

ARTICLE VII
ASSIGNMENT TO THE COMPANY

The Managing Member hereby transfers and assigns to the Company all of its right, title and interest in and to the Project, including the following:

- (a) all contracts with architects, contractors and supervising architects with respect to the development of the Project;
- (b) all plans, specifications and working drawings, heretofore prepared or obtained in connection with the Project and all governmental approvals obtained, including planning, zoning and building permits;
- (c) any and all commitments with respect to the Project Loans and the LIHTC;
- (d) any and all rights under and pursuant to the Project Documents; and
- (c) any other work product related to the Project.

ARTICLE VIII
RIGHTS, OBLIGATIONS AND POWERS
OF THE MANAGING MEMBER

8.01 Management of the Company.

(a) Except as otherwise set forth in this Agreement, the Managing Member, within the authority granted to it under this Agreement, shall have full, complete and exclusive discretion to manage and control the business of the Company for the purposes stated in Article III, shall make all decisions affecting the business of the Company and shall manage and control the affairs of the Company to the best of its ability and use its best efforts to carry out the purpose of the Company. In so doing, the Managing Member shall take all actions necessary or appropriate to protect the interests of the Investor Member, Special Member and of the Company. The Managing Member shall devote such time as is necessary to the affairs of the Company.

(b) Except as otherwise set forth in this Agreement and subject to the applicable Project Lender and/or Agency rules and regulations and the provisions of the Loan Agreement, the Managing Member (acting for and on behalf of the Company), in extension and not in limitation of the rights and powers given by law or by the other provisions of this Agreement, shall, in its sole discretion, have the full and entire right, power and authority in the management of the Company business to do any and all acts and things necessary, proper, convenient or advisable to effectuate the purpose of the Company. In furtherance and not in limitation of the foregoing provisions, the Managing Member is specifically authorized and empowered to execute and deliver, on behalf of the

Company, the Loan Agreements, the Regulatory Agreement, the Extended Use Agreement, the Notes, the Mortgages, and the other Project Documents, and to execute any and all other instruments and documents, and amendments thereto provided the Investor Member shall be provided with the opportunity to review and Consent to any such documents prior to their execution by the Managing Member, as shall be required in connection with the Project Loans, including, but not limited to, executing any mortgage, note, contract, building loan agreement, bank resolution and signature card, release, discharge, or any other document or instrument in any way related thereto or necessary or appropriate in connection therewith; provided, however, that copies of all applications for advances of proceeds of the Project Loans shall be provided to the Investor Member prior to the disbursement of any funds pursuant thereto and shall be subject to the Consent of the Investor Member; and provided further that any such applications which provide for the disbursement of funds of the Company in lieu of or in addition to the proceeds of the Project Loans shall be subject to the Consent of the Investor Member. All decisions made for and on behalf of the Company by the Managing Member shall be binding upon the Company. No person dealing with the Managing Member shall be required to determine its authority to make any undertaking on behalf of the Company, nor to determine any facts or circumstances bearing upon the existence of such authority.

8.02 Limitations Upon the Authority of the Managing Member.

- (a) The Managing Member shall not have any authority to:
- (i) perform any act in violation of any applicable law or regulation thereunder;
 - (ii) perform any act in violation of the provisions of the Regulatory Agreement, the Extended Use Agreement, the Loan Agreements, or any other Project Documents;
 - (iii) do any act required to be approved or ratified in writing by the Investor Members under the Act unless the right to do so is expressly otherwise given in this Agreement;
 - (iv) knowingly rent apartments in the Project such that the Project would not meet the requirements of the Rent Restriction Test or Minimum Set-Aside Test;
 - (v) borrow from the Company or commingle Company funds with funds of any other Person; or
 - (vi) execute or deliver any general assignment for the benefit of creditors or file a petition or acquiesce in the filing of a petition for Bankruptcy.
- (b) The Managing Member shall not, without the Consent of the Investor Member which Consent shall not be unreasonably withheld, with the parties hereto agreeing and acknowledging that withholding such Consent would be reasonable if the action would likely be inconsistent with preserving the Project as a low-income housing project), have any authority to:

- (i) sell or otherwise dispose of, at any time, all or substantially all of the assets of the Company;
- (ii) amend the terms of any Project Loan to be other than those set forth on **Exhibit F** attached hereto;
- (iii) borrow in excess of \$10,000.00 in the aggregate at any one time outstanding on the general credit of the Company, except MM Loans and Operating Deficit Loans, and except as and to the extent provided for in an approved budget pursuant to Section 8.20;
- (iv) following Final Closing, construct any new or replacement capital improvements on the Project which substantially alter the Project or its use or which are at a cost in excess of \$10,000.00 in a single Company fiscal year, or rebuild the Project with the use of insurance proceeds, except (a) replacements and remodeling in the ordinary course of business or under emergency conditions, or (b) reconstruction paid for from insurance proceeds, or (c) as and to the extent provided for in an approved budget pursuant to Section 13.03;
- (v) acquire any real property in addition to the Project other than easements reasonable and necessary for the operation of the Project;
- (vi) following Final Closing, refinance any Project Loan;
- (vii) confess a judgment against the Company in excess of \$5,000;
- (viii) admit any person as a Managing Member or an Investor Member, or withdraw as Managing Member, except as otherwise set forth in this Agreement;
- (ix) do any act in contravention of this Agreement or any other agreement to which Company is a party;
- (x) execute or deliver any assignment for the benefit of the creditors of the Company;
- (xi) transfer or hypothecate the Managing Member's interest as a Managing Member in the Company, including its interest in Company allocations or distributions, except as otherwise provided in this Agreement;
- (xii) dissolve the Company or take any action which would result in dissolution;
- (xiii) refinance, prepay or materially modify the terms of any mortgage or long-term liability of the Company, or sell, grant an option to acquire, exchange, mortgage,

encumber, pledge or otherwise transfer all or any portion of any interest in the Company or the Company's interest in the Project, or borrow funds or participate in a merger or consolidation with any other entity;

(xiv) change the nature of the business of the Company, or do any act which would make it impossible to carry on the ordinary business of the Company;

(xv) materially change any accounting method or practice of the Company;

(xvi) file a voluntary petition for bankruptcy of the Company;

(xvii) make any expenditure or incur any liability on behalf of the Company in excess of \$10,000.00 which is not identified in the budget provided by the Managing Member to the Investor Member;

(xviii) borrow funds from the Company;

(xix) enter into or materially modify the Construction Contract (or any other construction contract), or agree to any change order under the Construction Contract (or any other construction contract) if any such change order is for \$10,000 or more, or is proposed when the amount of previous change orders plus the proposed change order would exceed \$20,000 (over the life of the Company);

(xx) commingle Company funds or assets with the funds or assets of the Managing Member or any Company or other entity owned or operated by the Managing Member to the Investor Member;

(xxi) possess Company property or assign rights in specific property for other than a business purpose of the Company;

(xxii) take any action which would cause the termination of the Company for federal income tax purposes under Code Section 708;

(xxiii) make, amend or revoke any tax election required of or permitted to be made by the Company under the Code or Regulations, including, without limitation, any election under Section 42 (including an election to treat any year other than 2020 as the first year of the Credit Period) for any other tax election affecting the amount, timing, availability or allocation of any LIHTC;

(xxiv) enter into any agreement or take any action without the prior Consent of the Investor Member with respect to any matters for which the prior Consent of the Investor Member is a prerequisite therefore;

(xxv) approve any increase in fees to the Managing Member or any affiliate of the Managing Member;

(xxvi) change in ownership, control or management of the Managing Member;

(xxvii) allow this Agreement to be amended;

(xxviii) invest assets of the Company in (A) investments specifically not contemplated by this Agreement, or (B) in investments other than U.S. Treasury Bills, Notes or Bonds, or bank accounts, money market accounts or certificates of deposit in institutions insured by the Federal Deposit Insurance Corporation. However, investment of such assets may be expanded upon approval by the Investor Member.

Notwithstanding anything to the contrary contained in this Agreement, the Members hereby acknowledge and consent to (A) the making of the Construction Loan in favor of Branch Banking & Trust Company (the "Construction Lender") to secure the obligations of the Company to Construction Lender under the loan documents evidencing, securing and otherwise governing the Construction Loan (collectively, as amended from time to time, the "Construction Loan Documents"), and (B) the filing of financing statements by or on behalf of Construction Lender, the execution and delivery of one or more security agreements in favor of Construction Lender. The Members hereby further acknowledge and agree that the consummation of the transactions described therein shall not constitute a breach or default by any Member under this Agreement and/or the Construction Loan Documents and shall not result in the acceleration or enforcement of any rights the Members may otherwise have in connection therewith.

8.03 Sale of Project.

(a) Investor Member Request for Sale. Notwithstanding the foregoing Section 8.02, and subject to all Agency regulations then in effect and the receipt of all required approvals and consents of the Project Lenders, and subject further to the extended use requirements applicable pursuant to Section 42(h)(6) of the Code, at any time after the fourteenth (14th) anniversary of the first day of the first taxable year of the applicable LIHTC compliance period the Investor Member may request that the Company do one of the following: (i) sell the Project subject to the Extended Use Agreement (a "Continued Compliance Sale"); or (ii) request that the Agency arrange for the sale of the Project after receipt of a Qualified Contract (a "Compliance Termination Sale").

(b) Continued Compliance Sale. After receipt of a request for a Continued Compliance Sale, the Managing Member shall use its best efforts to find a third-party purchaser for the Project and to cause the Company to consummate a sale of the Project subject to the Extended Use Agreement and on terms Consented to by the Investor Member. If such efforts are not successful on terms reasonably satisfactory to the Investor Member within four (4) months, the Investor Member shall have the right thereafter to locate a purchaser for the Project. If the Investor

Member locates such a purchaser, the Managing Member shall be given a right of first refusal to purchase the Project on the same terms and conditions as would be applicable to such purchaser. If such right of first refusal is not exercised by the Managing Member within thirty (30) days, then the Managing Member shall be obligated to consent to the sale to such purchaser so long as the purchase price and other terms offered by such purchaser are at least as favorable to the Company as the best offer, if any, located by the Managing Member. If the Investor Member requests that the Compliance Termination Sale be conducted in a manner that would result in the conversion of the Project to a condominium regime of ownership and the sale of individual condominium units, the Managing Member shall use diligent efforts to accomplish such conversion on such terms which are reasonably satisfactory to the Investor Member.

(c) Compliance Termination Sale. After receipt of a request for a Compliance Termination Sale, the Managing Member shall make a request to the Agency to obtain a buyer who is willing to operate the low-income units of the Project as a qualified low-income building and who will submit a Qualified Contract for the Project, and if no Qualified Contract is submitted within one year of the date of the Managing Member's request to the Agency, the Managing Member shall use its best efforts to find a third party purchaser and to cause the Company to consummate a sale of the Project to such purchaser on terms Consented to by the Investor Member and free of the restrictions imposed by the Extended Use Agreement. If such efforts are not successful on terms reasonably satisfactory to the Investor Member within six (6) months, the Investor Member shall have the right thereafter to locate a purchaser for the Project. If the Investor Member locates such a purchaser, the Managing Member shall be given a right of first refusal to purchase the Project on the same terms and conditions as would be applicable to such purchaser. If such right of first refusal is not exercised by the Managing Member within thirty (30) days, then the Managing Member shall be obligated to consent to the sale to such purchaser so long as the purchase price and other terms offered by such purchaser are at least as favorable to the Company as the best offer, if any, located by the Managing Member. If the Investor Member requests that the Compliance Termination Sale be conducted in a manner that would result in the conversion of the Project to a condominium regime of ownership and the sale of individual condominium units, the Managing Member shall use diligent efforts to accomplish such conversion on such terms which are reasonably satisfactory to the Investor Member.

(d) Managing Member Option. The Managing Member or its designee, if it is a qualified non-profit under the terms of Section 42(i)(7) of the Code, shall have the right of first refusal to purchase the Project at the end of the low-income housing tax credit compliance period, in accordance with said Section 42(i) (7) of the Code, for an amount equal to at least the sum of (i) \$1.00, plus (ii) all outstanding debt of the Company, including debt encumbering the Project, plus (iii) the aggregate federal, state and local (if any) income tax liabilities which would be incurred by the Members of the Investor Member as a consequence of such purchase, on the terms set forth in **Exhibit L** attached hereto.

8.04 Management Purposes. In conducting the business of the Company, the Managing Member shall be bound by the Company's purposes set forth in Article III.

8.05 Delegation of Authority. The Managing Member may delegate all or any of its powers, rights and obligations hereunder, and may appoint, employ, contract or otherwise deal with any Person for the transaction of the business of the Company, which Person may, under supervision of the Managing Member, perform any acts or services for the Company as the Managing Member may approve.

8.06 Managing Member or Affiliates Dealing with Company. The Managing Member or any Affiliates thereof shall have the right to contract or otherwise deal with the Company for the sale of goods or services to the Company in addition to those set forth herein, if (a) compensation paid or promised for such goods or services is reasonable (i.e., at fair market value) and is paid only for goods or services actually furnished to the Company, (b) the goods or services to be furnished shall be reasonable for and necessary to the Company, (c) the fees, terms and conditions of such transaction are at least as favorable to the Company as would be obtainable in an arm's-length transaction, (d) no agent, attorney, accountant or other independent consultant or contractor who also is employed on a full-time basis by the Managing Member or any Affiliate shall be compensated by the Company for his services. Any contract covering such transactions shall be in writing and shall be terminable without penalty on sixty (60) days' Notice. Any payment made to the Managing Member or any Affiliate for such goods or services shall be fully disclosed to all Investor Members in the reports required under Section 13.02. Neither the Managing Member nor any Affiliate shall, by the making of lump sum payments to any other Person for disbursement by such other Person, circumvent the provisions of this Section 8.06.

8.07 Other Activities. Except as limited in Section 8.06, Affiliates of the Managing Member may engage in or possess interests in other business ventures of every kind and description for their own account, including, without limitation, serving as general partner of other limited partnerships or the managing member of other limited liability companies which own, either directly or through interests in other companies or partnerships, government assisted housing developments similar to the Project. Neither the Company nor any of the Members shall have any rights by virtue of this Agreement in or to such other business ventures or to the income or profits derived therefrom.

8.08 Liability for Acts and Omissions. No Managing Member or Affiliate thereof shall be liable, responsible or accountable in damages or otherwise to any of the Members for any act or omission performed or omitted by it in good faith on behalf of the Company and in a manner reasonably believed by it to be within the scope of the authority granted to it by this Agreement and in the best interest of the Company, provided that the protection afforded the Managing Member pursuant to this Section 8.08 shall not apply in the case of negligence, misconduct, fraud or any breach of fiduciary duty as Managing Member with respect to such acts or omissions. Any loss or damage incurred by any Managing Member or Affiliate thereof by reason of any act or omission performed or omitted by it or any of them in good faith on behalf of the Company and in a manner reasonably believed by it to be within the scope of the authority granted by this Agreement and in the best interests of the Company (but not, in any event, any loss or damage incurred by the Managing Member or Affiliate thereof by reason of negligence, misconduct or fraud of the Managing Member or Affiliate thereof, or any breach of fiduciary duty as Managing Member, with respect to such acts

or omissions) shall be paid from Company assets (except for reserves) to the extent available (but the Investor Members shall not have any personal liability to the Managing Member or Affiliate(s) thereof under any circumstances on account of any such loss or damage incurred by the Managing Member or Affiliate(s) thereof or on account of the payment thereof).

8.09 Indemnification of Investor Member and the Company. The Managing Member and the Company shall, jointly and severally, indemnify, defend, and save harmless the Investor Member and Special Member from and against any claim, loss, expense, action or damage, including without limitation, reasonable costs and expenses of litigation and appeal (and the reasonable fees and expenses of counsel) asserted against the Investor Member or Special Member based on any act, omission, malfeasance or nonfeasance of the Company or the Managing Member, including without limitation any claim that the Investor Member or Special Member is liable for any indebtedness of the Company and excluding only liability directly caused by the Investor Member or Special Member's gross negligence or bad faith conduct. In addition, the Managing Member and the Company shall, jointly and severally, indemnify, defend, save and hold harmless the Investor Member and Special Member, and their representatives, from and against any and all costs, losses, liabilities, damages, lawsuits, proceedings (whether formal or informal), investigations, judgments, orders, settlements, recoveries, obligations, deficiencies, claims and expenses (whether or not arising out of third party claims), including, without limitation, interest, penalties, attorneys' fees and all amounts paid in investigation, or settlement of any of the foregoing, incurred in connection with or arising out of or resulting from the operations of the Managing Member, the Company or the Project prior to the date of this Agreement.

8.10 Net Worth of Managing Member. The Managing Member shall maintain a minimum net worth in an amount as may be necessary to assure that the Company will be taxed as a partnership, and not as an association taxable as a corporation, for federal income tax purposes.

8.11 Construction of the Project, Construction Cost Overruns, Operating Deficits; Other Managing Member Guarantees.

(a) Construction Completion Guaranty.

(i) The Company has entered into the Construction Contract. The Managing Member shall be responsible for:

(A) achieving completion of construction of the Project on a timely basis in accordance with the Plans and Specifications for the Project, the terms of this Agreement, the Project Documents and all legal requirements;

(B) meeting all requirements for obtaining all necessary unconditional certificate(s) of occupancy for all the apartment units in the Project;

(C) fulfilling all actions required of the Company to assure that the Project satisfies the Minimum Set-Aside Test and the Rent Restriction Test;

(D) causing the making of the Project Loans by the respective Project Lenders; and

(E) achieving Final Closing.

(ii) The Managing Member hereby is obligated to pay all Excess Development Costs; the Company shall have no obligation to pay any Excess Development Costs. Any amounts paid by the Managing Member pursuant to this subsection (a) shall be in the form of a loan to the Company (a "Completion Loan"). Any Completion Loan will be in the following terms: (A) it shall be unsecured; (B) it shall not bear interest; (C) it shall be repayable solely from Net Cash Flow and proceeds of a Capital Transaction at the time and in the amounts set forth in Sections 11.03(b), 11.04 and 12.02(a) of this Agreement; and (D) a Completion Loan shall be fully subordinated to payment of Project Loans, MM Loans, and indebtedness of the Company to all Persons other than Members.

(iii) In the event that the Managing Member shall fail to pay any such Excess Development Costs as required in this Section 8.11(a), an amount not in excess of the total of any remaining unpaid installments of the Development Fee due pursuant to Section 8.12 shall be suspended by the Company until such obligations are met by the Managing Member.

(b) Operating Deficit Guaranty. In the event that, at any time during the period commencing on achievement of Breakeven Operations and ending on the fifteenth anniversary of such date, an Operating Deficit shall exist, the Managing Member shall provide such funds to the Company as shall be necessary to pay such Operating Deficits. Funds provided after the achievement of Breakeven Operations shall be in the form of a loan to the Company (the "Operating Deficit Loan(s)"). Any Operating Deficit Loan shall be on the following terms: (i) it shall be unsecured; (ii) it shall not bear interest; (iii) it shall be repayable solely from Net Cash Flow and proceeds of a Capital Transaction at the time and in the amounts set forth in Sections 11.03(b), 11.04 and 12.02(a) of this Agreement; and (iv) Operating Deficit Loans shall be fully subordinated to payment of Project Loans, MM Loans, and indebtedness of the Company to all Persons other than Members. In the event that the Managing Member shall fail to make any such Operating Deficit Loan as aforesaid, the Company shall utilize amounts otherwise payable as installments of the Development Fee pursuant to Section 8.12 of this Agreement to meet the obligations of the Managing Member pursuant to this Section 8.11(b). Amounts so utilized shall also constitute payment and satisfaction of installments of the Development Fee and such other fees payable under the aforesaid Section of this Agreement, and the obligation of the Company to make such installment payments pursuant to such Sections, as well as the Investor Member's obligation to make future Capital Contributions, shall be reduced correspondingly. For the purpose of this Section 8.11(b), all expenses shall be paid on a sixty (60) day current basis.

(c) LIHTC Compliance Guaranty. (i) If with respect to any fiscal year of the Company there is a LIHTC Shortfall, the Managing Member shall, within forty-five (45) days following the close of such fiscal year, pay the Investor Member an amount equal to (A) the amount of the LIHTC Shortfall for the fiscal year immediately preceding the payment due date multiplied by \$0.9200, (B) all penalties and interest imposed by the Code and assessed against the Investor Member by the IRS with respect to any LIHTC Shortfall, and (C) an amount sufficient to pay any tax liability owed by the Investor Member resulting from the receipt of the amounts specified in the foregoing clauses (A), (B) and this clause (C) of this Section 8.11(c)(i) (such calculation to be made assuming the Investor Member is subject to the highest federal and state tax rates imposed on corporate tax payers under the Code at that time for the taxable year of the Investor Member in which such payment is taken into income by the Investor Member), together with interest on such amounts at the Prime Rate accruing from such payment due date.

(ii) The Managing Member irrevocably and unconditionally guarantees payments specified in this Section 8.11(c)(ii) to the Investor Member if there is a LIHTC Recapture Event. The payments required by this Section 8.11(c)(ii) shall be the sum of the following amounts: (A) the amount of LIHTC previously allocated to the Investor Member and subsequently disallowed because of such LIHTC Recapture Event multiplied by \$0.9200; (B) the "credit recapture amount" (as defined in Code Section 42(j)(2)) allocated to the Investor Member because of such LIHTC Recapture Event; (C) all penalties and interest imposed by the Code and assessed against the Investor Member by the IRS with respect to such LIHTC Recapture Event; (D) an amount sufficient to pay any tax liability owed by the Investor Member resulting from the receipt of the amounts specified in the foregoing clauses (A), (B), (C) and this clause (D) of this Section 8.11(c)(ii) (such calculation to be made assuming the Investor Member is subject to the highest federal and state tax rate imposed on corporate taxpayers under the Code at that time for the taxable year of the Investor Member in which such payment is taken into income by the Investor Member, together with interest on such amounts at the Prime Rate accruing from the date the Investor Member remits funds to a taxing authority with respect to a LIHTC Recapture Event; and (E) if the cause of the LIHTC Recapture Event will, in determination of the Investor Member, decrease the maximum amount of LIHTC that will be available to the Company and allocated to the Investor Member during the remainder of the compliance period under Section 42 of the Code, assuming full compliance with Section 42 of the Code, then an amount equal to the total amount of such decrease. The Managing Member shall make such payment to the Investor Member within forty-five (45) days of the LIHTC Recapture Event.

(iii) The LIHTC Compliance Guaranty set forth herein shall not apply to amounts due solely to the transfer by the Investor Member of all or a portion of its Interest in the Company or to changes in the tax law after the date hereof with which the Managing Member is unable to comply despite the exercise of its good faith and reasonable efforts.

(iv) Intentionally Omitted.

(v) Funds provided by the Affiliate Guarantor with respect to the Managing Member's obligations under subparagraphs (i) or (ii) above shall be in the form of a loan to the Company (the "Guarantor LIHTC Compliance Loan"). Any Guarantor LIHTC Compliance Loan shall be on the following terms: (i) it shall be unsecured; (ii) it shall bear no interest; and (iii) it shall be repayable solely from proceeds of a Capital Transaction or liquidation at the time and in the amounts set forth in Sections 11.04 and 12.02(a) of this Agreement. Notwithstanding the foregoing, the Investor Member shall have the authority to treat any guarantee payment made on behalf of the Company by its Managing Member or the Affiliate Guarantor as (i) a capital contribution to the capital of the Company by the Managing Member in the amount of such guarantee payment that is matched with a corresponding upward adjustment to such Managing Member's capital account in the Company or (ii) as a loan (as described above) by the Managing Member in the amount of such guarantee payment, so as to minimize any possible unintended increase in the amount of depreciation and tax credits allocated to the Managing Member; provided that any losses or other deductions, other than depreciation, relating to such capital contribution or loan, shall be allocated to the Managing Member making such guarantee payment.

(d) Project Loan Funding Guaranty. The Managing Member irrevocably and unconditionally guarantees and covenants that the Company shall receive full funding of the Project Loans on or before December 31, 2020, on the terms set forth on **Exhibit F** attached hereto. The Managing Member represents and warrants that the source of funds for the Project Loans do not include, in whole or in part, "federal subsidies" within the meaning of Code Section 42(i) (i.e. the source of funds for the Project Loans does not include, in whole or in part, a "tax-exempt obligation," an obligation the interest on which is exempt from tax under Code Section 103). The Project Loan documents shall contain such other terms as may be Consented to by the Investor Member.

8.12 Development Fee. The Company has entered into a Development Agreement (materially in the form of **Exhibit A** attached hereto) of even date herewith with the Developer for its services in connection with the development and construction of the Project. In consideration for such services, a Development Fee in a total amount equal to \$495,000 shall be payable by the Company, in accordance with the terms of the Development Agreement and Article XI of this Agreement. In no event shall full payment of the Development Fee be later than the thirteenth anniversary of placement in service. It is anticipated that \$146,685 of the Development Fee will be deferred and paid pursuant to Article XI.

8.13 Incentive Management Fee. The Company has entered into an Incentive Management Fee Agreement in the form attached hereto as **Exhibit B**, with the Managing Member of even date herewith for its services in managing the business of the Company for the period from the date hereof throughout the term of the Company. In no event shall the Incentive Management Fee be cumulative. Payment of such fee shall be in accordance with any applicable requirements of the Project Lenders.

8.14 Withholding of Fee Payments.

(a) Conditions for Withholding. In the event that (i) the Managing Member or any successor Managing Member shall not have substantially complied with any material provisions under this Agreement, or under the operating agreement with respect to an Affiliated Company, after Notice from the Investor Member of such noncompliance and failure to cure such noncompliance within a period of thirty (30) days from and after the date of such Notice, or (ii) any Project Lender shall have declared the Company to be in default under any Project Loan or under any of the mortgage loans as to an Affiliated Company, or (iii) foreclosure proceedings shall have been commenced against the Project or against an Project owned by the Affiliated Company, then (A) the Managing Member shall be in default of this Agreement, and the Company shall withhold payment of any installment of fees and/or allowance payable pursuant to Sections 4.02(s), 8.12 and/or 8.13 and (B) the Managing Member shall be liable for the Company's payment of any and all installments of the Development Fee payable pursuant to Section 8.12.

(b) Release of Fees. All amounts so withheld by the Company under this Section 8.14 shall be promptly released to the payees thereof only after the Managing Member has cured the default justifying the withholding, as demonstrated by evidence reasonably acceptable to the Investor Member.

8.15 Selection of Management Agent; Terms of Management Agreement. The Company shall engage such person, firm or company as the Managing Member may select, and as the Investor Member may approve, which approval shall not be unreasonably withheld (hereinafter referred to as "Management Agent") to manage the operation of the Project during the rent-up period and following Final Closing. The Management Agent must be a VHDA certified property manager. The Management Agent shall be paid a management fee subject to the approval of the Agency and/or the Project Lenders, if required, and the Special Member, but in no event will the management fee be greater than \$61 per unit per month, subject to increases allowed by USDA. The contract between the Company and the Management Agent and the management plan for the Project shall be in the form set forth in Exhibit G, with such changes acceptable to the Agency and/or the Project Lenders, if required, and reasonably acceptable to the Special Member. Such contract shall provide, among other things, that it shall be cancelable upon thirty (30) days' prior notice from the Company, and that the Management Agent will accrue the management fee to the extent necessary at any time to prevent a default under any Project Loan. Whenever the management agent for the Project is the Managing Member or an Affiliate of the Managing Member, the management agreement shall provide that it is immediately terminable at the election of the Investor Member or Special Member in the event of (a) the removal or withdrawal of the Managing Member, or (b) any material breach of or noncompliance with any provision of this Agreement by the Managing Member or any Affiliate of the Managing Member. Any other agreement entered into by the Company and any Managing Member or any Affiliate thereof shall specifically provide that such agreement shall be immediately terminable at the election of the Investor Member or Special Member if the Managing Member is removed or withdraws. Hunt & Associates Elderly Housing Corporation is approved by the parties hereto as the initial Management Agent.

8.16 Removal of the Management Agent. The Managing Member:

(a) may, upon receiving any required approval of the Project Lenders and the Investor Member, dismiss the Management Agent as the entity responsible for the Project under the terms of the contract between the Company and the Management Agent, and

(b) shall, at the request of the Investor Member, remove the Management Agent if the Special Member determines that the same is necessary to protect the interest of the Company or if the Management Agent is declared Bankrupt, is dissolved, or makes an assignment for the benefit of its creditors, or for any intentional misconduct by the Management Agent or its negligence in the discharge of its duties and obligations as Management Agent (subject to the fulfillment and expiration of any notice and/or opportunity to cure provisions of the Management Agreement), including, without limitation, for any action or failure to take any action which:

(i) violates in any material respect any provision of the Management Agreement entered into with the Company and approved by the Project Lenders, if required, and/or any material provision of the Project Documents and/or the Loan Documents applicable to the Project, or the Project Lenders-approved management plan for the Project;

(ii) violates in any material respect any provision of this Agreement or provision of applicable law; or

(iii) causes the Project to be operated in a manner which if continued would give rise to an event which would cause or would likely cause a recapture of LIHTC.

8.17 Replacement of the Management Agent. Upon the removal of the Management Agent as the entity responsible for the management of the Project, a substitute Management Agent which is not an Affiliate of the Managing Member shall be named by the Managing Member, subject to the approval of the Project Lenders, if required, and the approval of the Investor Member.

8.18 Loans to the Company. The Company is authorized to receive Operating Deficit Loans and MM Loans on the terms set forth in this Agreement. In addition, if (a) additional funds are required by the Company for any purpose relating to the business of the Company or for any of its obligations, expenses, costs or expenditures, and (b) the Company has not received an Operating Deficit Loan, or MM Loan to pay such amounts, then the Company may borrow such funds as are needed from a Person or organization, other than a Member or an Affiliate of a Member, in accordance with the terms of this Section 8.18, for such period of time and on such terms as the Managing Member and the Investor Member may agree; provided, however, that no such additional loans shall be secured by any mortgage or other encumbrance on the property of the Company without the prior approval of the Investor Member except that such approvals shall not be required in the case of the hypothecation of personal property purchased by the Company and not included in the security agreements executed by the Company at the time of Initial Closing. Nothing in this Section

8.18 shall modify or affect the obligation of the Managing Member to make Operating Deficit Loans and to perform its obligations when and as required by this Agreement.

8.19 Affiliate Guaranty. Concurrently with the execution of this Agreement, the Managing Member shall deliver to the Investor Member (a) the Affiliate Guaranty fully executed by each Affiliate Guarantor, (b) a pledge and security agreement executed by the Managing Member in the form of **Exhibit E** attached hereto (the "Managing Member Pledge"), wherein the Managing Member pledges and grants a security interest in its Managing Member interest in the Company and in each Affiliated Company to secure its obligation under this Agreement, and (c) an opinion of counsel to the Affiliate Guarantors in form satisfactory to the Investor Member regarding the Affiliate Guaranty and the Managing Member Pledge.

8.20 Intentionally Deleted.

8.21 Accounting Fee. An accounting fee shall be paid to Virginia Housing Capital Corporation under the Agreement to Provide Accounting and Reporting Services, the form of which is attached hereto as **Exhibit J**. The obligation to pay such fee shall terminate at the end of the next year following the termination of the Compliance Period.

8.22 Public Relations. The Managing Member shall provide written and timely notice of any groundbreaking, ribbon-cutting or other public relations ceremonies for the Project to the Investor Member and recognize the Investor Member and the Investor Member's members at such public relations ceremonies.

ARTICLE IX
TRANSFERS AND RESTRICTIONS ON TRANSFERS
OF INTERESTS OF INVESTOR MEMBERS

9.01 Restrictions on Transfer of Investor Members' Interests.

(a) Under no circumstances will any offer, sale, transfer, assignment, hypothecation or pledge of any Investor Member Interest be permitted unless the Managing Member, in its sole discretion, shall have Consented thereto, and the Project Lenders, if required, also shall have Consented thereto, provided however, that the Managing Member shall not unreasonably withhold its Consent to the pledge by the Investor Member of its Investor Member Interest or a transfer of its right to receive distributions hereunder, so long as no pledgee or transferee shall have any right to become a Substitute Investor Member in the Company or exercise any voting rights of the Investor Member.

(b) The Investor Member whose interest is being transferred shall pay such reasonable expenses as may be incurred by the Company in connection with such transfer.

(c) Nothing in this Section 9.01 shall limit the authority of the Investor Member to sell, transfer and/or assign interests within the Investor Member or to transfer Interests of the Investor Member to (i) any Affiliate of the Investor Member or Special Member, in the sole discretion of the Investor Member, at any time and from time to time, or (ii) to any other Person once during the term of this Agreement upon Notice to the Managing Member(s).

9.02 Admission of Substitute Investor Members.

(a) Subject to the other provisions of this Article IX, an assignee of the Interest of an Investor Member (which shall be understood to include any purchaser, transferee, donee, or other recipient of any disposition of such Interest) shall be deemed admitted as a Substitute Investor Member of the Company only upon the satisfactory completion of the following:

(i) Consent of the Managing Member (which may be withheld in its sole discretion), and the consent of the Project Lenders, if required, shall have been given; such Consent of the Managing Member may be evidenced by the execution by the Managing Member of an amended Agreement and/or Articles of Organization evidencing the admission of such Person as an Investor Member pursuant to the requirements of the Act, provided, however, that no Consent shall be required for any sale, transfer or assignment pursuant to Section 9.01 (c);

(ii) the assignee shall have accepted and agreed to be bound by the terms and provisions of this Agreement by executing a counterpart thereof or an appropriate amendment hereto, and such other documents or instruments as the Managing Member may require in order to effect the admission of such Person as an Investor Member;

(iii) an amended Agreement and/or Articles of Organization evidencing the admission of such Person as an Investor Member shall have been filed for recording pursuant to the requirements of the Act;

(iv) if the assignee is a corporation, the assignee shall have provided the Managing Member with evidence satisfactory to Counsel for the Company of its authority to become an Investor Member under the terms and provisions of this Agreement; and

(v) the assignee or the assignor shall have reimbursed the Company for all reasonable expenses, including all reasonable legal fees and recording charges, incurred by the Company in connection with such assignment.

(b) For the purpose of allocation of profits, losses and credits, and for the purpose of distributing cash of the Company, a Substitute Investor Member shall be treated as having become, and as appearing in, the records of the Company as a Member upon his signing of an amendment to this Agreement agreeing to be bound hereby.

(c) If the Managing Member has determined it will Consent to the admission, the Managing Member shall cooperate with the Person seeking to become a Substitute Investor Member by preparing the documentation required by this Section and making all official filings and publications. In such event, the Company shall take all such action, including the filing, if required, of any amended Agreement and/or Articles of Organization evidencing the admission of any Person as an Investor Member, and the making of any other official filings and publications, as promptly as practicable after the satisfaction by the assignee of the Interest of an Investor Member of the conditions contained in this Article IX to the admission of such Person as an Investor Member of the Company. Any cost or expense incurred in connection with such admission shall be borne by the Substitute Investor Member.

9.03 Rights of Assignee of Company Interest.

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

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

ARTICLE X RIGHTS AND OBLIGATIONS OF INVESTOR MEMBERS

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

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

10.03 Other Activities. Any Investor Member may engage in or possess interests in other ventures of every kind and description for its own account, including without limitation, serving as

general partner or managing member of other limited partnerships or limited liability companies which own, either directly or through interests in other limited liability companies or limited partnerships, government-assisted housing projects similar to the Project. Neither the Company nor any of the Members shall have any right by virtue of this Agreement in or to such other business ventures to the income or profits derived therefrom.

ARTICLE XI PROFITS, LOSSES AND DISTRIBUTIONS

11.01 Allocation of Profits and Losses Other Than From Capital Transactions.

(a) Manner of Determination. Profits, Losses and credits for all purposes of this Agreement shall be determined in accordance with the definition of the same under Article II of the Agreement (as applicable) and in accordance with the accrual accounting method and in accordance with applicable Code sections and Treasury Regulations governing same.

(b) Allocations. All Profits and Losses, except those items in Sections 11.02, 11.05 and 11.07 below, shall be allocated to the Members in accordance with their Percentage Interests. Every item of income, gain, loss, deduction, or tax preference entering into the computation of such Profits and Losses, or applicable to the period during which such Profits and Losses were realized, shall be considered allocated to each Member in the same proportion as Profits and Losses are allocated to such Member.

(c) Intentionally Deleted.

(d) Special Member Allocation. Notwithstanding any provisions in the Agreement to the contrary, in no event shall the Special Member be allocated more than its Percentage Interest, determined as of the date hereof, of any item of Company income, gain, loss, deduction, credit or basis.

11.02 Allocation of Profits and Losses from Capital Transactions. Except to the extent provided in Sections 11.07, Profits and Losses recognized by the Company upon a Capital Transaction shall be allocated in the following manner:

(a) Profits shall be allocated (i) first, to the Members with negative Capital Account balances, that portion of gains (including any gains treated as ordinary income for federal income tax purposes) which is equal in amount to, and in proportion to, such Members' respective negative Capital Accounts in the Company; provided that no gain shall be allocated under this Section 11.02(a)(i) to a Member once such Member's Capital Account is brought to zero and (ii) second, gains in excess of the amount allocated under (i) shall be allocated to the Members in the amounts and to the extent necessary to increase the Members' respective Capital Accounts so that the proceeds distributed under Section 11.04(d) and (f) will be distributed in accordance with the

Members' respective Capital Accounts.

(b) Losses shall be allocated (i) first, to the extent and in such proportions as the respective positive balances in all Members' Capital Accounts, and (ii) second, any remaining loss to the Members in accordance with the manner in which they bear the economic risk of loss associated with such loss or, if none, to the Members in accordance with their Membership Interests.

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

11.03 Distributions: Net Cash Flow.

(a) Determination of Net Cash Flow. Net Cash Flow shall be determined separately for each fiscal year or portion thereof commencing on the day after Final Closing and shall not be cumulative. Wherever there is a reference to the distribution of Net Cash Flow pursuant to the provisions of this Agreement, Net Cash Flow shall be deemed to be limited to Surplus Cash available for distribution. Income received by the Company from the period commencing with the date of receipt of the initial certificate of occupancy with respect to the Project and ending on the date of the Final Closing shall not be distributed during such period and shall be treated as Net Cash Flow with respect to the first Payment Date following Final Closing.

(b) Manner of Distribution. Subject to the approval of the Project Lenders, if required, Net Cash Flow shall be applied and/or distributed on each Payment Date in the following priority:

(i) first, to the Investor Member until the aggregate amount of distributions made to the Investor Member under this Section 11.03(b)(i) for the current and all prior years equals the Assumed Investor Member Tax Liability for the current and all prior years;

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

(iii) third, to the Managing Member until the aggregate amount of distributions made to the Managing Member under this Section 11.03(b)(iii) for the current and all prior years equals the Assumed Managing Member Tax Liability for the current and all prior years;

(iv) fourth, to replenish the Operating Reserve to the Initial Amount;

(v) fifth, to the Developer until all amounts due under the Development Agreement have been paid in full;

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

(vii) seventh to the payment of the Incentive Management Fee; and

(viii) thereafter, 55.99% to the HEF XXI; 43.99% to HEF XXII; .009% to the Managing Member; and .011% to the Special Member.

Notwithstanding anything to the contrary contained herein, if the amount of the distribution to the Investor Member under Section 11.03(b) is less than 10% of the Net Cash Flow of the Project, then each Investor Member shall receive a priority distribution before any distributions under Section 11.03(b)(vii) and (viii) in an amount such that, when added to the sum distributable to each Investor Member under Section 11.03(b), shall equal 10% of the Cash Flow.

(c) Distributions to be Subject to Regulatory Restrictions. Notwithstanding the foregoing, during such time as regulations of the Project Lenders are applicable to the Project, the total amount of Net Cash Flow which may be so distributed to the Members with respect to any fiscal year shall not exceed such amounts as such regulations permit to be distributed.

11.04 Distributions: Capital Transactions and Liquidation of Company Property. Except as may be required under Section 12.02(b), the proceeds resulting from the liquidation of the Company assets pursuant to Section 12.02, and the net proceeds resulting from any Capital Transaction, as the case may be, shall be distributed and applied in the following order of priority:

(a) to the payment of all matured debts and liabilities of the Company (including amounts due pursuant to any Project Loan and all expenses of the Company incident to any such sale or refinancing), excluding (1) debts and liabilities of the Company to Members or any Affiliates, and (2) all unpaid fees owing to the Managing Member under this Agreement;

(b) to the setting up of any reserves which the Liquidator (or the Managing Member if the distribution is not pursuant to the liquidation of the Company) deems reasonably necessary for contingent, unmatured or unforeseen liabilities or obligations of the Company;

(c) Twenty Thousand and No/100 Dollars (\$20,000.00) to the Special Member, or its assignee as a Capital Transaction Administrative Fee, either upon sale or transfer of Investor Member interest;

(d) to the payment of any debts and liabilities (including unpaid fees) owed to the Members or any Affiliates by the Company for Company obligations; provided, however, that the foregoing debts and liabilities owed to Members and their Affiliates shall be paid or repaid, as applicable, in the following order of priority, if and to the extent applicable: (i) to the Investor Member, an amount equal to any outstanding LIHTC Reduction Guaranty Payment, or any Unpaid LIHTC Shortfall (applied first to accrued but unpaid interest (at the Default Rate) and then

principal); (ii) to the Investor Member, an amount equal to any Special Additional Capital Contribution; (iii) to the payment of any outstanding MM Loans and loans made by the Managing Member pursuant to Section 8.11(a)(i) and/or 8.11(a)(ii) pro rata based on their respective outstanding balances, if applicable; (iv) amounts due under the Development Agreement; (v) amounts due with respect to Operating Deficit Loans, if any; and (vi) any other such debts and liabilities;

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

(f) to payment of the Guarantor LIHTC Compliance Loan (or, if funds provided are a capital contribution, under Section 8.11(c)(v), as a return of such capital); and

(g) the balance, .009% to the Managing Member, 55.99% to HEF XXI, 43.99% to HEF XXII, and .011% to the Special Member.

Written determination of the proposed distributions of proceeds of Capital Transactions, showing all relevant calculations and assumptions, shall be delivered to the Investor Member and Special Member not later than twenty (20) days prior to the Company entering into any agreement for a Capital Transaction, and written confirmation or any revision thereof shall be delivered to the Investor Member and Special Member not later than twenty (20) days prior to the making of any such distribution. Distributions hereunder shall be made within five (5) days of the Company's receipt of such proceeds.

11.05 Distributions and Allocations: General Provisions.

(a) In any year in which a Member sells, assigns or transfers all or any portion of an Interest to any Person who during such year is admitted as a substitute Member, the share of all profits and losses allocated to, and of all Net Cash Flow and of all cash proceeds distributable under Section 11.04 distributed to, all Members which is attributable to the Interest sold, assigned or transferred shall be divided between the assignor and the assignee ratably on the basis of the number of monthly periods in such year before, and the number of monthly periods on and after, the first day of the month during which such Person is admitted as a substitute Member.

(b) The Company shall, subject to any applicable limitation on the distribution of Net Cash Flow and any required approval by the Project Lenders, distribute Net Cash Flow not less frequently than annually in the manner provided in Section 11.03(b).

(c) In the event that there is a determination that there is any original issue discount or imputed interest attributable to the Capital Contribution of any Member, or any loan between a Member and the Company, any income or deduction of the Company attributable to such

imputed interest or original issue discount on such Capital Contribution or loan (whether stated or unstated) shall be allocated solely to such Member.

(d) In the event that the deduction of all or a portion of any fee paid or incurred by the Company to a Member or an Affiliate of a Member is disallowed for federal income tax purposes by the IRS with respect to a taxable year of the Company, the Company shall then allocate to such Member an amount of gross income of the Company for such year equal to the amount of such fee as to which the deduction is disallowed.

(e) If any Member's Interest in the Company is reduced but not eliminated because of the admission of new Members or otherwise, or if any Member is treated as receiving any items of property described in Section 751(a) of the Code, the Member's Interest in such items of Section 751(a) property that was property of the Company while such Person was a Member shall not be reduced, but shall be retained by the Member so long as the Member has an Interest in the Company and so long as the Company has an Interest in such property.

(f) In accordance with Section 704(c) of the Code (relating to allocations with respect to appreciated contributed property) and the Regulations thereunder, income, gain, loss, and deduction with respect to any property contributed to the capital of the Company shall be allocated, solely for tax purposes, among the Members so as to take account of any variation between the adjusted basis of such property to the Company for federal income tax purposes and its fair market value. Any elections or other decisions relating to such allocations shall be made by the Managing Member in any manner that reasonably reflects the purpose and intention of this Agreement.

(g) In the event that the Managing Member makes any Operating Deficit Loans pursuant to Section 8.11(b), any deductions or losses of the Company attributable to the use of those funds shall be specially allocated to the Managing Member.

(h) Any income attributable to the Capital Contribution of the Managing Member will be allocated to the Managing Member.

(i) Any income attributable to the modification of any of the Project Loan(s) shall be allocated 100% to the Managing Member.

11.06 Capital Accounts.

(a) Establishment and Maintenance. A separate Capital Account shall be maintained and adjusted for each Member. There shall be credited to each Member's Capital Account the amount of its Capital Contribution, the fair market value of any property contributed to the Company (net of any liabilities secured by such property) and such Member's distributive share of the income and gain for tax purposes of the Company including income or gain exempt from tax; and there shall be charged against each Member's Capital Account the amount of all cash flow distributed to such Member, the fair market value of any property distributed to such Member (net of

any liabilities secured by such property), the net proceeds resulting from the liquidation of the Company's assets or from any sale or refinancing of the Project distributed to such Member, and such Member's distributive share of the losses for tax purposes of the Company. Each Member's Capital Account shall be maintained and adjusted in accordance with the Code and the Treasury Regulations thereunder. The foregoing provisions and the other provisions of this Agreement relating to the maintenance of Capital Accounts are intended to comply with Treas. Reg. § 1.704-1(b) and shall be interpreted and applied in a manner consistent with such regulations. It is the intention of the Members that the Capital Accounts maintained under this Agreement be determined and maintained throughout the full term of this Agreement in accordance with the accounting rules of Treas. Reg. § 1.704-1(b)(2)(iv).

(b) Deficit Capital Accounts; Regulatory Liquidation. In the event that the Company is liquidated within the meaning of Treas. Reg. § 1.704-1(b)(2)(ii)(g), if the Managing Member's Capital Account has a deficit balance (after giving effect to all contributions, distributions and allocations), the Managing Member shall make Capital Contributions in the amount of such deficit in compliance with Treas. Reg. § 1.704-1(b)(2)(ii)(b)(3). In the event that the Investor Member's Capital Account should have a deficit balance at such time, it shall have no obligation to fund or otherwise contribute capital to the Company in connection with such deficit. Notwithstanding the foregoing, in the event the Company is liquidated within the meaning of Treas. Reg. § 1.704-1(b)(2)(ii)(g) but no event has occurred under Section 12.01 to dissolve the Company, the Company assets shall not be liquidated, the Company's liabilities shall not be paid or discharged, and the Company's affairs shall not be wound up. Instead, the Company shall be deemed to have contributed all of its assets and liabilities to a new limited liability company in exchange for an interest in the new limited liability company. Immediately thereafter, the terminated Company shall be deemed to have distributed interests in the new limited liability company to the Members of the terminated Company in proportion to their respective interests in the terminated Company in liquidation of the terminated Company.

11.07 Special Allocations. Notwithstanding anything to the contrary contained in Section 11.01(a) or (b), the following special allocations in all events apply in determining the allocation of Profits and Losses among the Members and are made prior to the allocations required under §11.01(a) and (b):

(a) Depreciation and LIHTC.

(i) Depreciation (cost recovery) deductions and LIHTC are allocated to the Members in accordance with their Percentage Interests.

(ii) Any recapture of LIHTC is allocated to the Members that were allocated (or whose predecessors-in-interest were allocated) the depreciation/cost recovery deduction and LIHTC associated therewith.

(b) Limitation on Allocations of Losses.

(i) To the extent the allocation of any Losses to a Member would cause that Member to have an Adjusted Capital Account Deficit at the end of any fiscal year of the Company, then those Losses will not be allocated to that Member, but rather will be specially allocated to the remaining Members in proportion with their relative interests in the Company.

(ii) In the event some but not all of the Members would have Adjusted Capital Account Deficits due to an allocation of Losses, the limitation set forth in this Section 11.07(b) shall be applied on a Member-by-Member basis so as to allocate the maximum permissible Losses to each Member who is not a Managing Member under Treas. Reg. §1.704-1(b)(2)(ii)(d). All Losses in excess of the limitation set forth in this Section 11.07(b) shall be allocated to the Managing Member.

(c) Profit Chargeback. To the extent any Losses are specially allocated to a Member in accordance with Section 11.07(b), then Profits will thereafter first be specially allocated to such Member in proportion to and in an amount (1) up to but not exceeding the amount of any such special allocation of Losses away from such Member under such subparagraph (b) but (2) not to the extent that Losses or depreciation deductions would be allocated to the remaining Members in excess of the amount permitted by 11.07(b).

(d) Nonrecourse Deductions. Nonrecourse Deductions for any fiscal year shall be allocated to the Members in accordance with their Percentage Interests.

(e) Member Nonrecourse Deductions. Any Member Nonrecourse Deductions for any fiscal year shall be specially allocated to the Member or Members that bear the Economic Risk of Loss with respect to the Member Nonrecourse Debt to which such Member Nonrecourse Deductions are attributable in accordance with Treas. Reg. §1.704-2(b)(4) and Treas. Reg. §1.704-2(i).

(f) Company Minimum Gain Chargeback. Notwithstanding any other provision of this Agreement, if there is a net decrease in the Company's Minimum Gain attributable to Nonrecourse Liabilities during any taxable year, each Member shall be specially allocated a *pro rata* portion of each of the Company's items of income and gain for such year (and, if necessary for subsequent years) in proportion to, and to the extent of, an amount equal to such Member's share of the net decrease in such Minimum Gain during such taxable year as determined in accordance with the provisions of Treas. Reg. §1.704-2(g)(2). In the event that such net decrease in the Company's Minimum Gain occurs in connection with the disposition of all or any portion of the Project, then any items of Company income or gain allocated in accordance with the previous sentence shall first consist of gain recognized by the Company as a result of such disposition. It is the intent that the allocations provided in this Section 11.07(f) shall be determined in accordance with and only to the extent required by Treas. Reg. §1.704-2(f) and (j)(2)(i).

(g) Member Minimum Gain Chargeback. Notwithstanding any other provision of

this Agreement, if there is a net decrease in the amount of the Company's Minimum Gain during any taxable year with respect to a Member Nonrecourse Debt, the Member bearing the Economic Risk of Loss with respect to such Member Nonrecourse Debt shall be specially allocated a *pro rata* portion of each of the Company's items of income and gain for such taxable year (and, if necessary, for subsequent years) in proportion to, and to the extent of the amount of such Member's share of the net decrease in such Minimum Gain during such taxable year as determined in accordance with the provisions of Treas. Reg. §1.704-2(i)(4). In the event that such net decrease in the Member's Minimum Gain occurs in connection with the disposition of all or any portion of Project, then any items of Company income or gain allocated in accordance with the previous sentence shall first consist of gain recognized by the Company as a result of such disposition. It is the intent that the allocations provided in this Section 11.07(g) shall be determined in accordance with and only to the extent required by the provisions of Treas. Reg. §1.704-2(i) and (j)(2)(ii).

(h) Qualified Income Offset. If a Member unexpectedly receives any adjustments, allocations, or distributions described in §1.704-1(b)(2)(ii)(d)(4), (5) or (6) of the Regulations, then items of Company income or gain will be specially allocated to that Member in an amount and manner sufficient to eliminate, to the extent required by the Regulations, the Adjusted Capital Account Deficit of that Member as quickly as possible. The special allocations required pursuant to this subparagraph (h) are made only if and to the extent that such Member would have an Adjusted Capital Account Deficit after all other allocations provided for in this Article 11 have been tentatively made as if this subparagraph (h) were not in the Agreement. This subparagraph (h) is intended to comply with the qualified income offset requirements of §1.704-1(b)(2)(ii)(d) of the Regulations and will be interpreted consistently therewith.

(i) Gross Income Allocation. In the event any Member has a deficit Capital Account at the end of any fiscal year in excess of the sum of (i) the amount that such Member must restore pursuant to any provision of this Agreement, if any, and (ii) the amount such Member is deemed obligated to restore pursuant to the penultimate sentence of Treas. Reg. § 1.704-2(g) and § 1.704-2(i)(5), such Member shall be specially allocated items of Company income and gain in the amount of such excess as quickly as possible, provided that an allocation pursuant to this Section 11.07(i) shall be made if and only to the extent that such Member would have a deficit Capital Account in excess of such sum after all other allocations provided for in this Article XI have been tentatively made as if this Section 11.07(i) and Section 11.07(h) hereof were not in the Agreement.

(j) §754 Adjustment. To the extent an adjustment to the adjusted tax basis of any Company Property undertaken pursuant to §734(b) or 743(b) of the Code is required to be taken into account in determining the Capital Accounts of the Members under Treas. Reg. §1.704-1(b)(2)(iv)(m), then the amount of such adjustment to the Capital Accounts will be treated as an item of gain (if the adjustment increases the basis of the asset) or loss (if the adjustment decreases such basis) and such gain or loss will be specially allocated to the Members in a manner consistent with the manner in which their Capital Accounts are required to be adjusted pursuant to the aforementioned section of the regulations.

(k) Curative Allocations. In the event that income, loss or items thereof are allocated to one or more Members pursuant to Sections 11.07(h) through (i), subsequent income, loss or items thereof shall be allocated (subject to the provisions of Sections 11.07(h) and (i)) to the Members so that, to the extent possible in the judgment of the Managing Member, the net amount of allocations shall be equal to the amount that would have been allocated had Section 11.07 not been applied. Notwithstanding the foregoing, the allocation of depreciation deductions will be governed by Section 11.07(a) and this Section 11.07(k) shall not apply to allocations of depreciation deductions.

(l) Excess Nonrecourse Liabilities. Solely for purposes of determining a Member's proportionate share of the "excess nonrecourse liabilities" of the Company within the meaning of Treas. Reg. §1.752-3(a)(3), the Members' respective interests in Company Profits and deductions shall equal their Percentage Interests (determined without regard to Section 11.07(a)-(k)).

(m) Authority to Vary Allocations to Preserve and Protect Members' Intent

(i) It is the intent of the Members that each Member's distributive share of income, gain, loss, deduction, or credit (or item thereof) shall be determined and allocated in accordance with this Article XI to the fullest extent permitted by Section 704(b) of the Code. In order to preserve and protect the determinations and allocations provided for in this Article XI, the Managing Member, shall upon the direction in writing of the Special Member, allocate income, gain, loss, deduction, or credit (or item thereof) arising in any year differently than otherwise provided for in this Article XI as necessary to ensure that all allocations of income, gain, loss, deduction or credit (or item thereof) to the Members are permitted by Section 704(b) of the Code and Treasury Regulations promulgated thereunder. Any allocation made pursuant to this Section 11.07 shall be deemed to be a complete substitute for any allocation otherwise provided for in this Article XI and no amendment of this Agreement or approval of any Member shall be required.

(ii) In making any allocation (the "new allocation") under Section 11.07(m)(i), the Managing Member is authorized to act only upon the direction in writing of the Special Member or the Investor Member.

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

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

11.08 Designation of Partnership Representative. The Managing Member shall be the partnership representative of the Company pursuant to Section 6223 of the Code (“Partnership Representative”) and shall engage in such undertakings as are required of the Partnership Representative of the Company, as provided in the Code and applicable Treasury Regulations. For each applicable tax year, the Partnership Representative shall appoint as the Designated Individual a person who is employed by the Managing Member or its Affiliate, has sufficient experience and authority to represent the Company in all dealings with the IRS, and is Consented to by the Investor Member or Special Member. If the Designated Individual is unable to perform the role required, no longer meets the requirements of the Code and Treasury Regulations or ceases to be employed by the Managing Member or its Affiliate, the Managing Member shall take all necessary action to cause such person to resign as the Designated Individual and to designate a successor representative that would otherwise qualify under this Agreement and under the Code and Treasury Regulations as a permissible Designated Individual. The Managing Member shall take any and all action required under the Code or Treasury Regulations (including on all applicable Company tax returns), as in effect from time to time, to designate itself as the Partnership Representative and the chosen person as the Designated Individual. The Managing Member shall cause the Designated Individual to agree to comply with all restrictions and obligations imposed on the Partnership Representative as set forth in this Agreement.

Each Member, by its execution of this Agreement, Consents to such designation of the Partnership Representative and agrees to execute, certify, acknowledge, deliver, swear to, file and record at the appropriate public offices such documents as may be necessary or appropriate to evidence such Consent.

11.09 Authority of Tax Matter Partner.

(a) The Partnership Representative shall have and perform all of the duties required under the Code and Treasury Regulations, including the following duties:

(i) Furnish the name, address, profits interest, and taxpayer identification number of each Member to the IRS;

(ii) Represent the Company in all dealings with the IRS and state and local taxing authorities in accordance with the obligations and restrictions imposed by this Agreement;

(iii) Within five calendar days after the receipt by the Managing Member or an Affiliate thereof or the Company of any correspondence or communication relating to the Company or a Member or an Affiliate of a Member from the IRS or state or local taxing authority, the Partnership Representative shall forward to each Member a photocopy of all such correspondence or communication(s). The Partnership Representative shall, within five calendar days thereafter, advise

each Member in writing of the substance and form of any conversation or communication held with any representative of the IRS or state or local taxing authority.

(b) The Partnership Representative shall, upon request by the Investor Member, permit the Investor Member to include its attorney in the power of attorney (Form 2848) for the Company for any taxable years under a tax audit or in a tax administrative appeals process.

(c) The Partnership Representative shall, solely upon request by the Investor Member, make an election pursuant to Sections 6221 or 6226 of the Code on behalf of the Company, provided the Company is permitted to make such election pursuant to the Code or Treasury Regulations thereunder.

(d) The Partnership Representative shall not without the Consent of the Special Member:

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

(ii) Engage an accounting firm or counsel to represent the Company before the IRS;

(iii) Settle any audit with the IRS concerning the adjustment or readjustment of any Company item(s);

(iv) File a request for an administrative adjustment with the IRS at any time or file a petition for judicial review with respect to any such request or select the forum for judicial review of any IRS determination;

(v) Initiate or settle any judicial review or action concerning the amount or character of any Company tax item(s);

(vi) Intervene in any action brought by any other Member for judicial review of a final Company administrative adjustment;

(vii) Make an election pursuant to Sections 6221(b) or 6226(a) of the Code on behalf of the Company;

(viii) Take action pursuant to Treasury Regulations promulgated under Section 6225(c); or

(ix) Take any other action not expressly permitted by this Section 11.09 on behalf of the Members of the Company in connection with any administrative or judicial tax proceeding.

(e) In the event of any Company-level proceeding instituted by the IRS pursuant to Sections 6221 through 6241 of the Code, or by any other federal, state or local tax authority, the Partnership Representative shall consult with the Special Member regarding the nature and content of all action and defense to be taken by the Company in response to such proceeding. The Partnership Representative also shall consult with the Special Member regarding the nature and content of any proceeding pursuant to Sections 6221 through 6241 of the Code instituted by or on behalf of the Company (including the decision to institute proceedings, whether administrative or judicial, and whether in response to a previous IRS proceeding against the Company or otherwise). The Partnership Representative will provide the Investor Member and Special Member with notice reasonably in advance of any meetings or conferences with respect to any administrative or judicial proceedings relating to the determination of Company items at the Company-level (including any meetings or conferences with counsel or advisors to the Company with respect to such proceedings) and the Investor Member and Special Member shall have the right to participate, at the Investor Member's and Special Member's sole cost and expense, in any such meetings or conferences. In any such proceedings, the Partnership Representative shall take any action or omit to take any action, if reasonably requested by the Investor Member or Special Member.

(f) If, at any time, the Managing Member desires to accept a settlement offer or other proposed resolution of a tax dispute, and the Investor Member and Special Member do not, then, to the extent permitted by the Code and Treasury Regulations, the Special Member may elect to take control of such tax dispute (including by being appointed as the Partnership Representative for the relevant period) and resolve such tax dispute in the best interest of the Company, as reasonably determined by the Special Member. If exercised, this election shall apply only to such contested tax dispute and not to any other past, future, or pending dispute with a tax authority or other Company matter. Moreover, the exercise of this election shall not relieve the Managing Member of any of its other obligations under this Agreement, including its obligation to manage the Company.

(g) In the event that an election described in Code Section 6226(a) is not made with respect to any notice of final partnership adjustment, each Member shall be obligated to make a capital contribution in an amount equal to such Member's share of the imputed underpayment (and any associated interest and penalties) owed by the Company under Code Section 6225. For purposes of the preceding sentence, each Member's share of such imputed underpayment (and associated interest and penalties) shall be determined by taking into account (i) such Member's share of the income, gain, loss, deductions, basis and credits to which such adjustment and imputed underpayment relate, as determined by the Accountants; (ii) such Member's obligation (if any) to indemnify, defend, or hold harmless the Company or any other Member for such imputed underpayment (and any associated interest and penalties) under this Agreement; (iii) such Member's obligations and liabilities arising from or related to such Member's representations, warranties and covenants in this Agreement; and (iv) the obligations of the Managing Member(s) under Section 5.01(e) (relating to Tax Credit adjustments). For example, if an imputed underpayment were to relate to an adjustment or disallowance of Tax Credits previously allocated to the Investor Member, and such adjustment or disallowance would give rise to an obligation of the Managing Member to make a capital contribution under Section 5.01(e) (relating to Tax Credit adjustments), then such

Managing Member, rather than the Investor Member, would be required to make the capital contribution described in this paragraph.

(h) The Managing Member shall be the “tax matters partner” for all Fiscal Years of the Company beginning prior to January 1, 2018. Unless at the direction of the Investor Member, to be given in its sole and absolute discretion, the Managing Member shall not elect, and has not elected, pursuant to Section 1101(g)(4) of the Bipartisan Budget Act of 2015 (the “Budget Act”) to apply the provisions of Section 1101 of the Budget Act to a Fiscal Year of the Company beginning prior to January 1, 2018.

11.10 Expenses of Partnership Representative. The Company shall indemnify and reimburse the Partnership Representative for all expenses, including legal and accounting fees, claims, liabilities, losses and damages incurred in connection with any administrative or judicial proceeding with respect to the tax liability of the Members. The payment of all such expenses shall be made before any distributions are made from Net Cash Flow or any discretionary reserves are set aside by the Managing Member. The Managing Member shall have the obligation to provide funds for such purpose to the extent that Company funds are not otherwise available therefor. The taking of any action and the incurring of any expense by the Partnership Representative in connection with any such proceeding, except to the extent required by law, is a matter in the sole discretion of the Partnership Representative and the provisions on limitations of liability of the Managing Member and indemnification set forth in Section 8.08 of this Agreement shall be fully applicable to the Partnership Representative in its capacity as such. Sections 11.08, 11.09 and this Section 11.10 of the Agreement shall survive termination of any Member’s interest in the Company for any reason and shall be binding on all Members, including former Members.

ARTICLE XII SALE, DISSOLUTION AND LIQUIDATION

12.01 Dissolution of the Company. The Company shall be dissolved upon the earlier of the expiration of the term of the Company, or upon:

(a) the withdrawal, Bankruptcy, death, dissolution or adjudication of incompetency of the Managing Member who is at that time the sole Managing Member, subject to the provisions of Section 6.03, unless a majority in interest of the other Members, within ninety (90) days after receiving Notice of such withdrawal, Bankruptcy, death, dissolution or adjudication of incompetence, elects to designate a successor Managing Member(s) and continue the Company upon the admission of such successor Managing Member(s) to the Company;

(b) the sale or other disposition of all or substantially all of the assets of the Company, subject to the provisions of Section 6.03;

(c) the election by the Managing Member, with the Consent of a majority in interest of the other Members; or

(d) any other event causing the dissolution of the Company under the laws of the Commonwealth of Virginia.

12.02 Winding Up and Distribution.

(a) Upon the dissolution of the Company pursuant to Section 12.01, (i) a Certificate of Cancellation shall be filed in such offices within the Commonwealth of Virginia as may be required or appropriate and (ii) the Company business shall be wound up and its assets liquidated as provided in this Section 12.02 and the net proceeds of such liquidation, except as provided in Section 12.02(b) below, shall be distributed in accordance with Section 11.04.

(b) It is the intent of the Members that, upon liquidation of the Company, any liquidation proceeds available for distribution to the Members be distributed in accordance with the Members' respective positive Capital Account balances and in accordance with Treas. Reg. §1.704-1(b)(2)(ii)(b)(2). The Members believe that distributions under Section 11.04 will effectuate such intent. In the event that, upon liquidation, there would otherwise be any conflict between a distribution pursuant to the Members' respective positive Capital Account balances and the intent of the Members with respect to distribution of proceeds as provided in Section 11.04, the Liquidator shall, notwithstanding the provisions of Sections 11.01, 11.02, 11.03 and 11.05, allocate the Company's gains, profits and losses in a manner that will, as nearly as possible, cause the distribution of liquidation proceeds to the Members to be in accordance both with the Members' economic expectations as set forth in Section 11.04 and their respective Capital Account balances. If the Company's gains, profits and losses are insufficient to cause the Members' Capital Accounts to be in such amounts as will permit liquidation proceeds to be distributed both in accordance with the Members' respective positive Capital Account balances and Section 11.04, then liquidation proceeds shall be distributed in accordance with the Members' respective positive Capital Account balances after the allocations described herein have been made.

(c) The Liquidator shall file all certificates and notices of the dissolution of the Company required by law. The Liquidator shall proceed without any unnecessary delay to sell and otherwise liquidate the Company's property and assets; provided, however, that if the Liquidator shall determine that an immediate sale of part or all of the Company property would cause undue loss to the Members, then in order to avoid such loss, the Liquidator may, except to the extent provided by the Act, defer the liquidation as may be necessary to satisfy the debts and liabilities of the Company to Persons other than the Members. Upon the complete liquidation and distribution of the Company assets, the Members shall cease to be Members of the Company, and the Liquidator shall execute, acknowledge and cause to be filed all certificates and notices required by the law to terminate the Company.

(d) Upon the dissolution of the Company pursuant to Section 12.01, the Accountants shall promptly prepare, and the Liquidator shall furnish to each Member, a statement setting forth the assets and liabilities of the Company upon its dissolution. Promptly following the complete liquidation and distribution of the Company property and assets, the Accountants shall prepare, and the Liquidator shall furnish to each Member, a statement showing the manner in which the Company assets were liquidated and distributed.

ARTICLE XIII
BOOKS AND RECORDS, ACCOUNTING,
TAX ELECTIONS, ETC.

13.01 Books of Account. The Managing Member shall keep proper and complete books of account for the Company. Such books of account shall be kept at the principal office of the Company and shall be open at all times for examination and copying by the Investor Member or its authorized representatives. The Managing Member shall retain such books of account for six years after the later of the termination of the Company or the end of all applicable compliance periods under the Regulations. All decisions as to the fiscal year and accounting methods to be used by the Company shall be made only with the prior written Consent of the Investor Member. In addition, the Managing Member shall comply with all record keeping and record retention requirements applicable to low-income housing projects under the Code and Regulations and shall provide such information to the Members for their compliance.

13.02 Financial Reports.

(a) Agreement with VHCC. The Company shall enter into an agreement with Virginia Housing Capital Corporation (“VHCC”), essentially in the form attached hereto as **Exhibit J**, pursuant to which VHCC will provide certain accounting and reporting services to the Company.

(b) Monthly Reports. Within ten days after the end of each month, the Managing Member shall deliver to the Members with respect to such month a cash flow statement for the Company, with a detailed itemization of all Company receipts and expenses, and with such additional information as shall be reasonably requested by the Members (the foregoing, collectively, the "Cash Flow Report"). Notwithstanding the foregoing, if the Investor Member believes that the Project is experiencing or may experience adverse operating results or any other material adverse condition, the Investor Member, by Notice to the Managing Member, may require the delivery of Cash Flow Reports within five days after the end of each month, until such time as the Investor Member believes that the adverse condition affecting the Project is no longer present or threatened. At Investor Member's request, copies of all proposed leases and tenant income certification information for the initial occupant of each dwelling unit shall be delivered concurrently with such Cash Flow Report prior to execution thereof by the Company.

(c) Governmental and Lender Reports. The Managing Member shall also deliver to the Investor Member any financial or performance report required to be provided by the Company to any federal, state or local governmental agency or to any Company lender. Any such report shall be delivered to the Investor Member within five days after such report is filed with any such governmental agency or Company lender.

13.03 Budgets and General Disclosure. The Managing Member shall prepare and deliver to the Investor Member no later than the 60 days prior to the beginning of each fiscal year of the Company a detailed annual operating and capital improvements budget for the operation of the Project during such fiscal year. Such budgets shall specifically list all budgeted expenses in all major categories including, but not limited to, administration, operation, repairs and maintenance, utilities, taxes, insurance, interest, debt service with respect to the Project Loans, capital improvements, and all budgeted expenses which are to be paid to the Managing Member or its Affiliates. Such a budget shall be deemed "approved" for purposes of this Agreement only when such budget has been approved by the Investor Member. The Managing Member shall keep the Investor Member informed concerning the general state of the business and financial condition of the Company and shall, upon the reasonable request of the Investor Member, furnish to the Investor Member full information, accounts and documentation concerning the state of the business and financial condition of the Company. The Managing Member shall also provide the following statements or disclosures to the Investor Members:

(a) Semiannual Reports. Semiannually, within 45 days after the end of the second and fourth fiscal quarters of the Company, until the later to occur of the following events: (i) all Capital Contribution installments of the Investor Member have been made, or (ii) the Project is placed in service, a report on the status of the Company. Such report will include the following and will contain updated and revised information if there has been any change in facts previously reported.

(i) a description of the Project, including the status of construction or rehabilitation to be performed in connection with the Project (which information shall be provided on the Project until construction or rehabilitation is complete);

(ii) a description of the financing for the Project, including mortgage financing, any state or local government loans, any operating deficit guaranty, the Investor Member's Capital Contributions to the Company and any other contributions or loans to the Company;

(iii) a description of any applicable rental subsidy for the Project;

(iv) the terms of any performance bonds, development cost guarantees, operating deficit guarantees, and other credit enhancements provided in connection with the Project;

(v) the fees, and other financial incentives provided to the Managing Member and its Affiliates; and

(vi) any draw or call upon or demand for payment of or under any operating deficit guarantee, operating reserve, contractor performance bonds or completion guarantee.

(b) Annual Reports. Within 100 days after the end of each fiscal year of the Company, a statement prepared by the Managing Member, which statement shall include the following:

(i) a report summarizing the fees, commissions, compensation and other remuneration and reimbursed expenses paid by the Company for such fiscal year to the Managing Member or any Affiliates of the Managing Member and the services performed;

(ii) a report of the activities and investments of the Company during the period covered by the report; and

(iii) a comparison of actual and projected tax benefits for the year.

The statement will be accompanied by audited financial statements of any Affiliate Guarantor.

(c) Demands for Payment. Within three business days of the exercise thereof, any draw or call upon or demand for payment of or under any operating deficit guarantee, operating reserve, contractor performance bonds or completion guarantee.

(d) Notices of Default. Immediately upon notice of such a default, any default by the Company in any loan, including any state or local government loan or other financial obligation, of the Company or its Managing Member.

(e) Notices of IRS Proceedings. Immediately upon receipt of such notice, any notice of any IRS proceeding or any other audit, review or inspection by an federal, state or local governmental agency or Project Lender involving the Company.

13.04 Tax Information. The Managing Member shall file all necessary tax forms related to the formation of the Company, including, if required, Form 8264 (related to the registration of a tax shelter). VHCC shall also provide such federal tax information as required under its agreement with the Company as set forth on **Exhibit J**.

13.05 Selection of Accountants. The Investor Member shall be entitled to select a firm of certified public accountants that are experienced in LIHTC and that will prepare the Company's year-end financial statements and the Company's annual tax returns. The fee of such accountants shall be paid by the Investor Member out of the accounting fee payable to it pursuant to Section 8.21 of this Agreement.

13.06 Section 754 Elections. In the event of a transfer of all or any part of the Interest of a Managing Member or of an Investor Member, the Company may elect, pursuant to Sections 743 and

754 of the Code (or any corresponding provision of succeeding law), to adjust the basis of the Company property if, in the opinion of the Investor Member, based upon the advice of the Accountants, such election would be most advantageous to the Investor Member. Each Member agrees to furnish the Company with all information necessary to give effect to such election.

13.07 Fiscal Year and Accounting Method. The fiscal year of the Company shall be the fiscal year of the Investor Member, which ends at December 31; provided, however, that upon request from the Investor Member, the fiscal year of the Company shall become the calendar year. All Company accounts shall be determined on an accrual basis.

13.08 Late Report Penalties. (i) In the event that the reports of information provided for in Sections 13.02(b) or 13.03 above are, at any time, not provided within the time frames set forth therein, the Managing Member shall be obligated to pay to the Investor Member the sum of \$200.00 per day, as liquidated damages, for each day from the date upon which such report(s) or information is (are) due pursuant to the provisions of the aforesaid Sections until the date upon which such report(s) or information is (are) provided in form acceptable to the Investor Member. In the event that the reporting requirements set forth in any of the above provisions of this Article XIII are not met, the Investor Member, in its reasonable discretion, may direct the Managing Member to dismiss the Accountants, and to designate successor Accountants, subject to the approval of the Investor Member; provided, however, that if the Managing Member and the Investor Member cannot agree on the designation of successor Accountants, the successor Accountants shall be designated by the Investor Member in its sole reasonable discretion, and the fees of such successor Accountants shall be paid by the Managing Member.

ARTICLE XIV AMENDMENTS

14.01 Proposal and Adoption of Amendments. This Agreement may be amended by the Managing Member with the Consent of the Investor Member; provided that such Consent shall not be unreasonably withheld as to any proposed amendment which does not affect the obligations of the Managing Member or the rights of any of the Members under this Agreement; and further provided that, if the Investor Member proposes an amendment to this Agreement which either (a) increases or imposes upon the Investor Member the obligation to restore a deficit balance in its Capital Account, or (b) prospectively decreases the obligation of the Investor Member to restore a deficit balance in its Capital Account in a subsequent Fiscal Year of the Company, the Managing Member shall effectuate the adoption of such amendment; provided, however, that the Managing Member shall not be liable to the Investor Member for any adverse tax consequences that may result from any such increase or decrease.

ARTICLE XV
CONSENTS, VOTING AND MEETINGS

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

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

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

ARTICLE XVI
GENERAL PROVISIONS

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

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

16.03 Counterparts. This Agreement may be executed in several counterparts, each of which shall be deemed to be an original copy and all of which together shall constitute one agreement binding on all parties hereto, notwithstanding that all the parties shall not have signed the same counterpart.

16.04 Separability of Provisions. Each provision of this Agreement shall be considered separable, and if for any reason any provision which is not essential to the effectuation of the basic purposes of this Agreement is determined to be invalid and contrary to any existing or future law, such invalidity shall not impair the operation of or affect those provisions of this Agreement which are valid.

16.05 Entire Agreement. This Agreement sets forth all (and is intended by all parties to be an integration of all) of the representations, promises, agreements and understandings among the parties hereto with respect to the Company, the Company business and the property of the Company, and there are no representations, promises, agreements or understandings, oral or written, express or implied, among them other than as set forth or incorporated herein.

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

16.07 Environmental Protection.

(a) The Managing Member warrants and represents that to the best of the Managing Member's knowledge, after diligent inquiry, there presently are not, in, on, or under the Project nor will there be, in, on, or under the Project, upon completion of the construction: (i) any "hazardous substance" as that term is defined under the Comprehensive Environmental Response, Compensation and Liability Act of 1980, 42 U.S.C. §9601, et seq., as amended ("CERCLA"), or any other hazardous or toxic substance, waste or material or any other substance or pollutant that poses a risk to human health or the environment, including, but not limited to, petroleum in any form, lead-based paint, asbestos, urea formaldehyde insulation, methane gas, polychlorinated biphenyls ("PCBs") or radon, except for ordinary and necessary quantities of office supplies, cleaning materials and pest control supplies stored in a safe and lawful manner and petroleum products contained in motor vehicles (the "Hazardous Substances"); (ii) any underground storage tanks; (iii) accumulations of debris, mining spoil, spent batteries, except for ordinary garbage stored in receptacles for regular removal; (iv) or any other condition which could result in liability for an owner or operator of the Project under any federal, state, or local law, rule, regulation, or ordinance.

(b) The Managing Member further represents and warrants that (i) neither it nor, to the best of its knowledge, any other party has been, is or will be involved in operations at or, pursuant to the Managing Member's best knowledge, near the Land, which operations could lead to (A) a determination of liability under the Hazardous Waste Laws as to the Company or (B) the creation of a lien on the Land under the Hazardous Waste Laws or under any similar laws or regulations; and (ii) the Managing Member has not permitted, and will use best efforts not to permit, any tenant or occupant of the Project to engage in any activity that could impose liability under the Hazardous Waste Laws on such tenant or occupant, on the Land or on any other owner of the Project.

(c) The Managing Member further warrants and represents to the best of the Managing Member's knowledge that the Project is in compliance with all applicable Hazardous Waste Laws, and the Managing Member has not received notice of any violations of the Hazardous Waste Laws. The Managing Member covenants and agrees to take all necessary action within its control to ensure that the Project is in compliance with the Hazardous Waste Laws at all times and that the Project remains free from the presence of any Hazardous Substances in, on or under the Project. The Managing Member will promptly deliver any notice it may receive of any violation of the Hazardous Waste Laws to the Investor Member and the Special Member.

(d) The Managing Member agrees to indemnify and hold harmless the Company, the Investor Member, the Special Member, and any member of the Investor Member (the "Indemnified Parties") from and against all claims, actions, causes of action, liability, and expense (including, without limitation, attorneys' fees, court costs, and remedial and response costs) incurred or suffered by, or asserted by any person, entity, or governmental agency against the Indemnified Parties due to breach of the Managing Member of the Company's representations, warranties, or covenants, or a violation of the Hazardous Waste Laws, or the presence of Hazardous Substances in, on, or under the Project. The foregoing indemnification shall be a recourse obligation of the Managing Member and shall (to the full extent permitted by law) survive the dissolution of the Company and the death, dissolution, retirement, incompetency, insolvency, bankruptcy, or withdrawal of the Managing Member.

(e) For purposes of this Agreement, the term "Hazardous Waste Laws" shall mean any governmental requirements pertaining to land use, air, soil, subsoil, surface water, groundwater (including the quality of, protection, clean-up, removal, remediation or damage of or to land, air, soil, subsoil, surface water and groundwater), including, without limitation, the following laws as the same may be from time to time amended: the Comprehensive Environmental Response Liability and Compensation Act, 42 U.S.C. § 9601, et seq., the Resource Conservation and Recovery Act, 42 U.S.C. §6901, et seq., the Toxic Substances Control Act, 15 U.S.C. § 2601 et seq., the Federal Water Pollution Control Act, 33 U.S.C. §1251 et seq., the Safe Drinking Water Act, 42 U.S.C. § 300f et seq., the Clean Air Act, 42 U.S.C. § 7401 et seq., the Rivers and Harbors Act, 33 U.S.C. § 401 et seq., the Transportation Safety Act of 1974, portions of which are located at 49 U.S.C. § 1801 et seq., the Endangered Species Act, 16 U.S.C. § 1531 et seq., or any so-called "superfund" or "superlien" law, together with any other foreign or domestic laws (federal, state, provincial or local), common law, local rule, regulation (including, without limitation, any future change in judicial or administrative decisions interpreting or applying any of the laws, rules or regulations referred to herein) relating to emissions, discharges, release or threatened releases of any Hazardous Substances into ambient air, land, soil, subsoil, surface water, groundwater, personal property or structures, or otherwise relating to the manufacture, processing distribution, use treatment, storage, disposal, transport, discharge or handling of any Hazardous Substances, now or at any time hereafter in effect.

16.08 Notices. All notices, demands, requests or other communications to be sent by one party to the other hereunder or required by law shall be in writing and shall be deemed to have been

validly given or served by delivery of same in person to the addressee or by depositing same with Federal Express (or another nationally recognized overnight delivery service) for next business day delivery or by depositing same in the United States mail, postage prepaid, registered or certified mail, return receipt requested, addressed as follows:

(a) To the Investor Member:

Housing Equity Fund of Virginia XXI, L.L.C.
Housing Equity Fund of Virginia XXII, L.L.C.
c/o Virginia Housing Capital Corporation
1840 West Broad Street, Suite 200
Richmond, Virginia 23220-2151
Attention: Arild O. Trent

With a copy to:

Applegate & Thorne-Thomsen, P.C.
425 S. Financial Place, Suite 1900
Chicago, IL 60605
Attention: Diane K. Corbett

(b) To the Managing Member:

Pennington Gap Management, L.L.C.
1173 West Main Street
Abingdon, VA
Attention: Robert Goldsmith

With a copy to:

Curcio & Curcio, PC
600 Cumberland Street
Bristol, Virginia 24203
Attention: Peter Curcio

All notices, demands and requests shall be effective upon such personal delivery or upon being deposited with Federal Express (or another nationally recognized overnight delivery service) or in the United States mail as required above. However, with respect to notices, demands or requests so deposited with Federal Express (or another nationally recognized overnight delivery service) or in the United States mail, the time period in which a response to any such notice, demand or request must be given shall commence to run from the next business day following any such deposit with Federal Express or, in the case of a deposit in the United States mail as provided above, the date on

the return receipt of the notice, demand or request reflecting the date of delivery or rejection of the same by the addressee thereof. Rejection or other refusal to accept or the inability to deliver because of changed address of which no notice was given shall be deemed to be receipt of the notice, demand or request sent. By giving to the other party hereto at least 30 days' written notice thereof in accordance with the provisions hereof, the parties hereto shall have the right from time to time to change their respective addresses and each shall have the right to specify as its address any other address within the United States of America.

16.09 Headings. All section headings are for convenience only and shall not be taken into consideration in interpreting or otherwise construing this Agreement.

16.10. Pronouns and Plurals. All pronouns and any variations thereof shall be deemed to refer to the masculine, feminine, neuter, singular or plural, as the identity of the person or persons may require.

16.11. VHDA Mortgage Requirements. Notwithstanding any other provision of this Agreement, this limited liability company and the Members shall be subject to regulation and supervision by the Virginia Housing Development Authority ("VHDA") in accordance with the Virginia Housing Development Authority Act, the Rules and Regulations of VHDA, and the Regulatory Agreement executed or to be executed by the Company for the benefit of VHDA and shall be further subject to the exercise by VHDA of the rights and powers conferred on VHDA thereby. Notwithstanding any other provision of this Agreement, VHDA may rely upon the continuing effect of this provision which shall not be amended, altered, waived, supplemented or otherwise changed without the prior written consent of VHDA.

16.12 Additional Restrictions Relating to USDA Loans. Notwithstanding any other provision of this Agreement to the contrary, the following actions shall require the prior written approval of USDA admission of new Members, withdrawal of a Managing Member, admission of a Managing Member, amendment of this Agreement and selling of all or substantially all of the assets of the Company.

IN WITNESS WHEREOF, the parties have affixed their signatures and seals to this Amended and Restated Operating Agreement of Pennington Gap Apartments, L.L.C. as of the date first written above.

MANAGING MEMBER:

Pennington Gap Management, L.L.C., a Virginia
limited liability company

By: People Incorporated Housing Group, a Virginia
corporation, its sole member

By: 
Robert G. Goldsmith, President and CEO

INVESTOR MEMBER:

Housing Equity Fund of Virginia XXI, L.L.C., a
Virginia limited liability company

By: Virginia Housing Capital Corporation, its
managing member

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

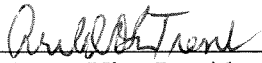
Housing Equity Fund of Virginia XXII, L.L.C., a
Virginia limited liability company

By: Virginia Housing Capital Corporation, its
managing member

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

SPECIAL MEMBER:

VAHM, LLC, a Virginia limited liability company

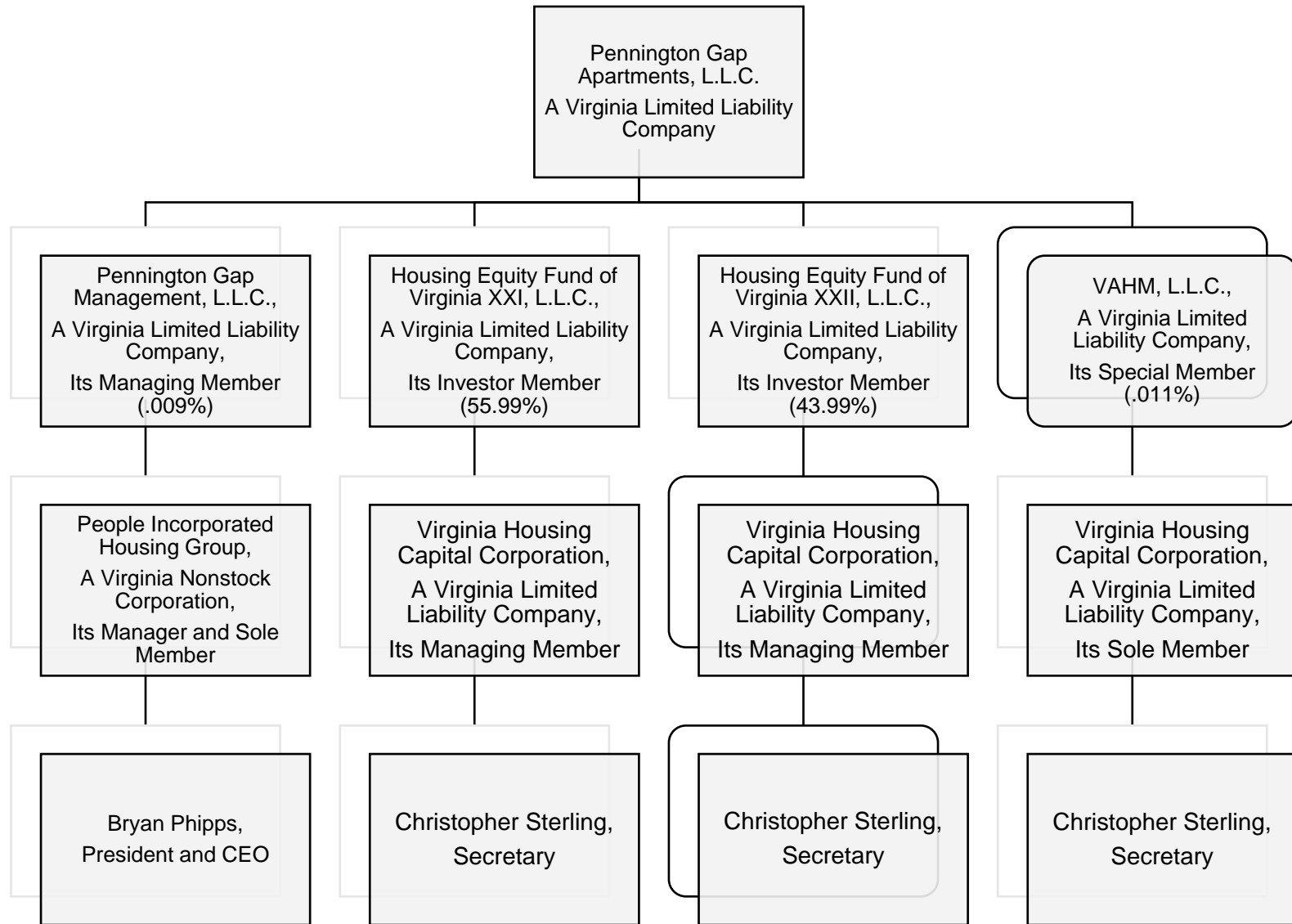
By: 
Arild O. Trent, Vice-President

WITHDRAWING INVESTOR MEMBER:

People Incorporated of Virginia,
a Virginia non-stock corporation

By:  _____
Robert G. Goldsmith, President and CEO

PENNINGTON GAP APARTMENTS – ORGANIZATIONAL CHART



Low-Income Housing Credit Allocation and Certification

► Go to www.irs.gov/Form8609 for instructions and the latest information.

Part I Allocation of Credit

Check if: Addition to Qualified Basis Amended Form

A Address of building (do not use P.O. box) (see instructions) 161 Terrace Road Pennington Gap, VA 24277		B Name and address of housing credit agency Virginia Housing Development Authority 601 S. Belvidere Street Richmond, VA 23220	
C Name, address, and TIN of building owner receiving allocation Pennington Gap Apartments, L.L.C. 1173 West Main Street Abingdon, VA 24210		D Employer identification number of agency 54-0921892	
TIN ► 81-4215760		E Building identification number (BIN) VA9320301	

1a Date of allocation ► 4/27/2017	b Maximum housing credit dollar amount allowable	1b	\$235,701
2 Maximum applicable credit percentage allowable (see instructions)		2	9.00 %
3a Maximum qualified basis		3a	\$2,618,900
b Check here ► <input checked="" type="checkbox"/> if the eligible basis used in the computation of line 3a was increased under the high-cost area provisions of section 42(d)(5)(B). Enter the percentage to which the eligible basis was increased (see instructions)		3b	1 3 0 %
4 Percentage of the aggregate basis financed by tax-exempt bonds. (If zero, enter -0-)		4	%
5 Date building placed in service ► 11/13/2019			
6 Check the boxes that describe the allocation for the building (check those that apply):			
a <input type="checkbox"/> Newly constructed and federally subsidized b <input type="checkbox"/> Newly constructed and not federally subsidized c <input type="checkbox"/> Existing building			
d <input type="checkbox"/> Sec. 42(e) rehabilitation expenditures federally subsidized e <input checked="" type="checkbox"/> Sec. 42(e) rehabilitation expenditures not federally subsidized			
f <input type="checkbox"/> Allocation subject to nonprofit set-aside under sec. 42(h)(5)			

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


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

	John D. Bondurant, Authorized Officer	5-20-20
Signature of authorized official	Name (please type or print)	Date

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

7 Eligible basis of building (see instructions)	7	3,372,465
8a Original qualified basis of the building at close of first year of credit period	8a	3,372,465
b Are you treating this building as part of a multiple building project for purposes of section 42 (see instructions)?	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No	
9a If box 6a or box 6d is checked, do you elect to reduce eligible basis under section 42(i)(2)(B)?	<input type="checkbox"/> Yes <input type="checkbox"/> No	
b For market-rate units above the average quality standards of low-income units in the building, do you elect to reduce eligible basis by disproportionate costs of non-low-income units under section 42(d)(3)(B)?	<input type="checkbox"/> Yes <input type="checkbox"/> No	
10 Check the appropriate box for each election.		
Caution: Once made, the following elections are irrevocable.		
a Elect to begin credit period the first year after the building is placed in service (section 42(f)(1))	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No	
b Elect not to treat large partnership as taxpayer (section 42(j)(5))	<input type="checkbox"/> Yes	
c Elect minimum set-aside requirement (section 42(g)) (see instructions):		
<input type="checkbox"/> 20-50 <input checked="" type="checkbox"/> 40-60 <input type="checkbox"/> Average income <input type="checkbox"/> 25-60 (N.Y.C. only)		
d Elect deep rent skewed project (section 142(d)(4)(B)) (see instructions)	<input type="checkbox"/> 15-40	

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

	81-4215760	20 June 20
Signature	Taxpayer identification number	Date
Robert S Goldsmith	2019	
Name (please type or print)	First year of the credit period	

Instructions for Form 8609

(Rev. July 2018)



Department of the Treasury
Internal Revenue Service

Low-Income Housing Credit Allocation and Certification

Section references are to the Internal Revenue Code unless otherwise noted.

Future Developments

For the latest information about developments related to Form 8609 and its instructions, such as legislation enacted after they were published, go to IRS.gov/Form8609.

What's New

Average income test. An average income election has been added to the section 42(g)(1) minimum set-aside requirements by the Consolidated Appropriations Act of 2018 (P.L. 115-141). See [Line 10c](#) and [Line 10d](#), later, for details.

Reminder

The 9% minimum applicable percentage of section 42(b)(2) has been made permanent for certain buildings placed in service after July 30, 2008. For details, see the instructions for Part I.

General Instructions

Purpose of Form

Owners of residential low-income rental buildings are allowed a low-income housing credit for each qualified building over a 10-year credit period. Form 8609 can be used to obtain a housing credit allocation from the housing credit agency. A separate Form 8609 must be issued for each building in a multiple building project. Form 8609 is also used to certify certain information.

Housing credit agency. This is any state or local agency authorized to make low-income housing credit allocations within its jurisdiction.

Building identification number (BIN). This number is assigned by the housing credit agency. The BIN initially assigned to a building must be used for any allocation of credit to the building that requires a separate Form 8609 (see [Multiple Forms 8609](#), later). For example, rehabilitation expenditures treated as a separate new building shouldn't have a separate BIN if the building already has one. Use the number first assigned to the building.

Allocation of credit. For an owner to claim a low-income housing credit on a building (except as explained under [Tax-exempt bonds](#), later), the housing credit agency must make an allocation of the credit by the close of the calendar year in which the building is placed in service, unless:

1. The allocation is the result of an advance binding commitment by the housing credit agency made not later than the close of the calendar year in which the building is placed in service (see section 42(h)(1)(C));
2. The allocation relates to an increase in qualified basis (see section 42(h)(1)(D));
3. The allocation is made for a building placed in service no later than the second calendar year following the calendar year in which the allocation is made if the building is part of a

project in which the taxpayer's basis is more than 10% of the project's reasonably expected basis as of the end of that second calendar year; or

4. The allocation is made for a project that includes more than one building if:

- a. The allocation is made during the project period,
- b. The allocation applies only to buildings placed in service during or after the calendar year in which the allocation is made, and
- c. Each building in the project to which the allocation applies is identified by a separate building identification number (BIN).

Regarding (3) and (4) (carryover allocations) see sections 42(h)(1)(E) and 42(h)(1)(F) and Regulations section 1.42-6.

The agency can only make an allocation to a building located within its geographical jurisdiction. Once an allocation is made, the credit is allowable for all years during the 10-year credit period. A separate Form 8609 must be completed for each building to which an allocation of credit is made.

Multiple Forms 8609. Allocations of credit in separate calendar years require separate Forms 8609. Also, when a building receives separate allocations for acquisition of an existing building and for rehabilitation expenditures, a separate Form 8609 must be completed for each credit allocation.

Tax-exempt bonds. No housing credit allocation is required for any portion of the eligible basis of a qualified low-income building that is financed with tax-exempt bonds taken into account for purposes of the volume cap under section 146 if principal payments on the financing are applied within a reasonable period to redeem obligations the proceeds of which were used to provide the financing, or the financing is refunded as described in section 146(i)(6). An allocation isn't needed when 50% or more of the aggregate basis of the building and the land on which the building is located (defined below) is financed with tax-exempt bonds described in the preceding sentence. However, the owner must still get a Form 8609 from the appropriate housing credit agency (with the applicable items completed, including an assigned BIN).

Land on which the building is located. This includes only land that is functionally related and subordinate to the qualified low-income building. (See Regulations sections 1.103-8(a)(3) and 1.103-8(b)(4)(iii) for the meaning of "functionally related and subordinate.")

Filing Requirement

Housing credit agency. Complete and sign Part I of Form 8609 and make copies of the form. Submit a copy with Form 8610, Annual Low-Income Housing Credit Agencies Report, and keep a copy for the records. The agency must send the original, signed Form 8609 (including instructions) to the building owner.

and occupied by individuals whose income is 60% or less of the area median gross income (see section 142(d)(6)).

Rural projects. For purposes of the 20-50, 40-60, average income, and 25-60 tests, "national non-metropolitan median income" will be used for determining income if it exceeds "area median gross income," but only for determinations of income made after July 30, 2008, and buildings with an allocation of credit. See section 42(i)(8) for details.



The minimum set-aside requirement is a project-based test and must be met by the close of the first year of the credit period in order to claim any credit for the first year or for any subsequent years.

Line 10d. The deep rent skewed 15-40 election isn't an additional test for satisfying the minimum set-aside requirements of section 42(g)(1). The 15-40 test is an election that relates to the determination of a low-income tenant's income. Generally, a continuing resident's income may increase up to 140% of the applicable income limit.

- If the 20-50, 40-60, or 25-60 test under the minimum set-aside rules described, earlier, in *Line 10c* has been elected, the applicable income limit generally is 50% or less or 60% or less of the area median gross income (or, when applicable, national non-metropolitan median income).
- If the average income test in *Line 10c* has been elected, the applicable income limit generally is the imputed income limitation designated by the taxpayer with respect to the respective unit. The average of the imputed income limitations designated must not exceed 60% of the area median gross income (or, when applicable, national non-metropolitan median income). Also, the designated imputed income limitation of any unit must be in 10% increments between the range of 20% and 80% of the area median gross income (or, when applicable, national non-metropolitan median income).

When the deep rent skewed election is made, the income of a continuing resident may increase up to 170% of the applicable income limit. If the deep rent skewed election is made, at least 15% of all low-income units in the project must be occupied at all times during the compliance period by tenants whose income is 40% or less of the area median gross income (or when applicable, national non-metropolitan median income). A deep rent skewed project itself must meet the requirements of section 142(d)(4)(B). Once made, the election is irrevocable.

Privacy Act and Paperwork Reduction Act Notice. We ask for the information on this form to carry out the Internal Revenue laws of the United States. Claiming this credit is voluntary; however, if you do claim the credit, sections 42, 6001, and 6011 require you to provide this information. Section 6109 requires you to provide your taxpayer identifying number (SSN, EIN, or ITIN). We need this information to ensure that you are complying with the revenue laws and to allow us to figure and collect the right amount of tax. We may disclose this information to the Department of Justice for civil or criminal litigation, and to cities, states, the District of Columbia, and U.S. commonwealths and possessions for use in administering their tax laws. We may also disclose this information to other countries under a tax treaty, to federal and state agencies to enforce federal nontax criminal laws, or to federal law enforcement and intelligence agencies to combat terrorism. Failure to provide this information may delay or prevent processing your claim. Providing false information may subject you to penalties.

You are not required to provide the information requested on a form that is subject to the Paperwork Reduction Act unless the form displays a valid OMB control number. Books or records relating to a form or its instructions must be retained as long as their contents may become material in the administration of any Internal Revenue law.

The time needed to complete and file the form will vary depending on individual circumstances. The estimated average time is:

Learning about the law or the form.	4 hr., 10 min.
Recordkeeping	10 hr., 45 min.
Preparing and sending the form to the IRS.	4 hr., 31 min.

If you have comments concerning the accuracy of these time estimates or suggestions for making these forms simpler, we would be happy to hear from you. You can send your comments from IRS.gov/FormsPubs. Click on "Help with Forms and Instructions" and then on "Give us feedback." Or you can send your comments to the Internal Revenue Service, Tax Forms and Publications, 1111 Constitution Ave. NW, IR-6526, Washington, DC, 20224. Do not send the tax form to this office. Instead, see *Filing Requirement*, earlier.



May 20, 2020

Robert Goldsmith
Pennington Gap Apartments, L.L.C.
1173 West Main Street
Abingdon, VA 24210

Re: Pennington Gap Apartments
Low Income Housing Tax Credits

Dear Mr. Goldsmith:

Enclosed is an executed original of Form 8609 for your one building of your development that you have indicated has been placed in service (within the meaning of that term under the Internal Revenue Code as it applies to the type of credit allocated to those buildings). IRS Form 8609 Part I, and Part II (must be completed and signed even if an allocation of credit by a housing credit agency is not required, as in the case of a building financed by tax-exempt bonds), and Schedule A must be completed and sent to the IRS for each tax year a credit is claimed. Please see the enclosed instructions for the IRS address.

Please be advised that wrong addresses or placed in service information on the 8609 form may cause tax credits to be invalid and you may be subject to recapture by the IRS. This lack of attention to a major detail of the application process has caused an unnecessary burden on VHDA's staff. VHDA will charge \$100 for each 8609 form that must be corrected due to inaccurate information on the 8609 application.

If you have any questions, please call me at (804) 343-5725.

Sincerely,

John D. Bondurant
Director of LIHTC Programs

**ESSEX MANOR APARTMENTS, L.L.C,
A VIRGINIA LIMITED LIABILITY COMPANY**

AMENDED AND RESTATED OPERATING AGREEMENT

As of December 17, 2018

THE MEMBERSHIP INTERESTS EVIDENCED BY THIS AMENDED AND RESTATED OPERATING AGREEMENT (THE "AGREEMENT") HAVE NOT BEEN REGISTERED WITH THE SECURITIES AND EXCHANGE COMMISSION UNDER THE SECURITIES ACT OF 1933 (THE "ACT") OR PURSUANT TO APPLICABLE STATE SECURITIES LAWS ("BLUE SKY LAWS"). ACCORDINGLY, THE MEMBERSHIP INTERESTS CANNOT BE RESOLD OR TRANSFERRED BY ANY PURCHASER THEREOF WITHOUT REGISTRATION OF THE SAME UNDER THE ACT AND THE BLUE SKY LAWS OF SUCH STATE(S) AS MAY BE APPLICABLE, OR IN A TRANSACTION WHICH IS EXEMPT FROM THE REGISTRATION REQUIREMENTS OF THE ACT AND THE BLUE SKY LAWS OR WHICH IS OTHERWISE IN COMPLIANCE THEREWITH. IN ADDITION, THE SALE OR TRANSFER OF SUCH MEMBERSHIP INTERESTS IS SUBJECT TO CERTAIN RESTRICTIONS SET FORTH IN THIS AGREEMENT, INCLUDING WITHOUT LIMITATION, THE RESTRICTIONS SET FORTH IN ARTICLE IX HEREOF.

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**ESSEX MANOR APARTMENTS, L.L.C.
A VIRGINIA LIMITED LIABILITY COMPANY**

AMENDED AND RESTATED OPERATING AGREEMENT

THIS AMENDED AND RESTATED OPERATING AGREEMENT is made and entered into as of December 17, 2018, by and among Essex Manor Management, L.L.C., a Virginia limited liability company (the "Managing Member"), People Incorporated of Virginia, a Virginia nonstock corporation, the Withdrawing Investor Member (the "Withdrawing Investor Member"), Housing Equity Fund of Virginia XXI, L.L.C., a limited liability company formed under the laws of the Commonwealth of Virginia (the "Investor Member") and VAHM, LLC, a limited liability company formed under the laws of the Commonwealth of Virginia (the "Special Member").

WHEREAS, Peter Curcio organized Essex Manor Apartments, L.L.C. (the "Company") pursuant to the terms of the Virginia Limited Liability Company Act (the "Act"), by filing Certificate of Organization (the "Certificate") with the State Corporation Commission of the Commonwealth of Virginia (the "State of Formation") on January 28, 2015;

WHEREAS, People Incorporated Housing Group, (the "Initial Managing Member"), and the Withdrawing Investor Member previously executed a limited liability company operating agreement pursuant to Section 13.1-1023(2) of the Code of Virginia effective February 29, 2016, which agreement was amended April 24, 2017 to replace the Initial Managing Member with the Managing Member (the "Original Operating Agreement") of the Company;

WHEREAS, the Withdrawing Investor Member wishes to withdraw from the Company;

WHEREAS, the Investor Member and Special Member wish to join the Company as Investor Member and Special Member, respectively;

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

WHEREAS, the Company has been formed to develop, rehabilitate, own, maintain and operate a 40 unit low income housing tax credit development, located at 990 Winston Street, Tappahannock, Virginia (the "Project");

WHEREAS, the parties hereto now desire to enter into this Amended and Restated Operating Agreement to (i) continue the Company under the Act; (ii) withdraw the Withdrawing Investor Member from the Company; (iii) admit the Investor Member and Special Member to the Company as Members; and (iv) set forth all of the provisions governing the Company;

NOW, THEREFORE, in consideration of the foregoing, of mutual promises of the parties hereto and of other good and valuable consideration, the receipt and sufficiency of which hereby are acknowledged, the parties hereby agree to continue the Company pursuant to the Act, as set forth in this Amended and Restated Operating Agreement, which reads in its entirety as follows:

ARTICLE I
CONTINUATION OF COMPANY

1.01 Continuation. The undersigned hereby continue the Company as a limited liability company under the Act.

1.02 Name. The name of the Company is Essex Manor Apartments, L.L.C.

1.03 Principal Place of Business. The principal place of business of the Company shall be 1173 Main Street, Abingdon, Virginia 24210. The Company may change the location of its principal place of business to such other place or places within the Commonwealth of Virginia as may hereafter be determined by the Managing Member. The Managing Member shall promptly notify all other Members of any change in the principal place of business. The Company may maintain such other offices at such other place or places as the Managing Member may from time to time deem advisable.

1.04 Agent for Service of Process. The name of the Agent for service of process is Peter Curcio, who is a resident of Virginia and a member of the Virginia State Bar, and whose address is 600 Cumberland Street, Bristol, Virginia, 24201, in the city of Bristol.

1.05 Withdrawal of Withdrawing Investor Member and Admission of Investor Member and Special Member. The Withdrawing Investor Member hereby withdraws as a Member of the Company, and represents and warrants that he/she/it has no interest in the Company and is not entitled to any fees, distributions, compensation or payments from the Company and that he/she/it has no interest in any property or assets of the Company. The Investor Member and Special Member are hereby admitted to the Company as the sole Investor Member and Special Member.

1.06 Term. The term of the Company commenced as of the date of the filing of the Certificate with the Secretary of the Commonwealth of Virginia, and shall continue in perpetuity, unless the Company is sooner dissolved in accordance with the provisions of this Agreement.

1.07 Recording of Articles. Upon the execution of this Amended and Restated Operating Agreement by the parties hereto, the Managing Member shall take all actions necessary to assure the prompt recording of an amendment to the Certificate if and as required by the Act, including filing with the State Corporation Commission of the Commonwealth of Virginia. All fees for filing shall be paid out of the Company's assets. The Managing Member shall take all other necessary action required by law to perfect and maintain the Company as a limited liability company under the laws of the State and shall register the Company under any assumed or fictitious name statute or similar law in force and effect in the Commonwealth of Virginia.

ARTICLE II
DEFINED TERMS

In addition to the terms defined in the preamble to this Agreement, the following terms used in this Agreement shall have the meanings specified below:

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

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

"Act" means the Virginia Limited Liability Company Act, as may be amended from time to time during the term of the Company.

"Actual Credit" means as of any point in time, the total amount of the LIHTC allocated by the Company to the Investor Member, representing ninety-nine and ninety-nine hundredths percent (99.99%) of the aggregate LIHTC reported and claimed by the Company and its Members on their respective federal information and income tax returns, and not disallowed by any taxing authority.

"Adjusted Capital Account Deficit" means, with respect to any Member, the deficit balance, if any, in such Member's Capital Account as of the end of the relevant fiscal period after giving effect to the following adjustments: (a) the credit to such Capital Account of any amounts which such Member is obligated to restore under this Agreement or is deemed to be obligated to restore pursuant to either (i) the penultimate sentences of Treas. Reg. §1.704-2(g)(1) and Treas. Reg. §1.704-2(i)(5), or (ii) amounts that the Member is treated as obligated to restore under Treas. Reg. §1.704-1(b)(2)(ii)(c); and (b) the debit to such Capital Account of the amounts described in Treas. Reg. §1.704-1(b)(2)(ii)(d)(4), (5) and (6). The foregoing definition of Adjusted Capital Account Deficit is intended to comply with the provisions of Treas. Reg. §1.704-1(b)(2)(ii)(d) and shall be interpreted consistently therewith.

"Affiliate" of a specified Person means (i) any Person directly or indirectly controlling, controlled by or under common control with the Person specified, (ii) any Person owning or controlling ten percent (10%) or more of the outstanding voting securities or beneficial interests of the Person specified, (iii) any officer, director, partner, trustee or member of the immediate family of the Person specified, (iv) if the Person specified is an officer, director, partner, managing member or trustee, any corporation, limited partnership, limited liability company or trust for which that Person acts in that capacity, or (v) any Person who is an officer, director, managing member, general partner, trustee or holder of ten percent (10%) or more of the outstanding voting securities or beneficial interests of any Person described in clauses (i) through (iv). The term

“control” (including the term “controlled by” and “under common control with”) means the possession, direct or indirect, of the power to direct or cause the direction of the management and policies of a Person, whether through the ownership of voting securities, by contract or otherwise.

"Affiliate Guarantor" means People Incorporated Housing Group which is an Affiliate of the Managing Member.

"Affiliate Guaranty" means the guaranty of the performance of the obligations of the Managing Member under this Agreement and the obligations of the Developer under the Development Agreement for the benefit of the Investor Member given by the Affiliate Guarantor, which Affiliate Guaranty is in the form of **Exhibit D**.

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

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

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

"Articles" means the Company's Certificate or any other instrument or document which is required under the laws of the State of Formation to be signed by the Managing Member and filed in the appropriate public offices within the State of Formation to perfect or maintain the Company as a limited liability company under the laws of the State of Formation, to effect the admission, withdrawal or substitution of any Member of the Company, or to protect the limited liability of the Investor Members as members under the laws of the Commonwealth of Virginia.

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

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

"Authority" or "Authorities" means any nation or government, any state or other political subdivision thereof, and any entity exercising its executive, legislative, judicial, regulatory or administrative functions of or pertaining to government, including but not limited to, any federal, state or municipal department, commission, board, bureau, agency, court, tribunal or instrumentality.

"Bankruptcy" or "Bankrupt" as to any Person means the filing of a petition for relief as to any such Person as debtor or bankrupt under the Bankruptcy Act of 1898 or the Bankruptcy Code of 1978 or like provision of law (except if such petition is contested by such Person and has been dismissed within 60 days); insolvency of such Person as finally determined by a court proceeding; filing by such Person of a petition or application to accomplish the same or for the appointment of a receiver or a trustee for such Person or a substantial part of his assets; commencement of any proceedings relating to such Person under any other reorganization, arrangement, insolvency, adjustment of debt or liquidation law of any jurisdiction, whether now in existence or hereinafter in effect, either by such Person or by another, provided that if such proceeding is commenced by another, such Person indicates his approval of such proceeding, consents thereto or acquiesces therein, or such proceeding is contested by such Person and has not been finally dismissed within 60 days.

"Breakeven Operations" means the date following Final Closing upon which the gross operating revenues from the normal operation of the Project received on a cash basis (including all public subsidy payments due and payable at such time but not yet received by the Company) for a period of three (3) consecutive calendar months after Final Closing equals or exceeds all accrued operational costs of the Project, including, but not limited to, taxes, assessments, reserve fund for replacement deposits and debt service payments, the Accounting Fee and a ratable portion of the annual amount (as reasonably estimated by the Managing Member) of those seasonal and/or periodic expenses (such as utilities, maintenance expenses and real estate taxes or service charges in lieu of real estate taxes) which might reasonably be expected to be incurred on an unequal basis during a full annual period of operation, for such period of three (3) consecutive calendar months on an annualized basis (based on projections of the Company), as evidenced by a certification of the Managing Member with an accompanying unaudited balance sheet of the Company indicating that all trade payables have been satisfied (or with respect to trade payables within sixty (60) days of the date the services were performed or goods were delivered, the trade payables shall not be past due and the Company shall have an adequate cash reserve for the payment of such trade payables), all as shall be subject to the approval of the Investor Member. For the purpose of calculating Breakeven Operations only, the following costs shall not be considered operating costs of the Project: (i) payments of the Asset Management Fee and Incentive Management Fee; (ii) payments to be made under the Development Agreement; and (iii) any debt service payments payable out of Net Cash Flow.

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

"Capital Account" means the capital account of a Member as described in Section 11.06.

"Capital Contribution" means the total amount of money or other property contributed or agreed to be contributed, as the context requires, to the Company by each Member pursuant to the terms of this Agreement. Any reference to the Capital Contribution of a Member shall include the Capital Contribution made by a predecessor holder of the Interest of such Member.

"Capital Transaction" means any transaction out of the ordinary course of the Company's business which is capital in nature, including without limitation, the disposition, whether by sale (except when such sale proceeds are to be used pursuant to a plan or budget approved by all of the Members), casualty (where the proceeds are not to be used for reconstruction), condemnation, refinancing or similar event of any part or all of the Project.

"Capital Transaction Administrative Fee" means the fee payable under Section 11.04(c).

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

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

"Certificate" has the meaning set forth in the Recitals hereof.

"Certified Credits" means ninety-nine and ninety-nine hundredths percent (99.99%) of the annual LIHTC that the Accountants certify in writing to the Company that the Company will be able to claim during each full fiscal year during the Credit Period for all buildings in the Project assuming full compliance with the rent restrictions and income limitations of Section 42 of the Code. The calculation of the Certified Credits shall be based, among other things, on the Form(s) 8609 issued by the Agency for all the buildings comprising the Project and on the cost certification prepared in connection with the application by the Company for Form(s) 8609. Once the Certified Credits are determined, they shall not be adjusted during the term of this Agreement; provided, however, if with respect to an LIHTC Recapture Event the Managing Member makes a payment under Section 8.11(c), then the Certified Credits shall be reduced prospectively by the annual reduction in LIHTC attributable to such LIHTC Recapture Event.

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

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

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

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

"Company" means Essex Manor Apartments, L.L.C., a Virginia limited liability company.

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

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

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

“Construction Contract” means the construction contract in the guaranteed maximum amount of \$1,603,226 including all exhibits and attachments thereto) to be entered into between the Company and the Contractor, pursuant to which the Project is to be rehabilitated. Such Construction Contract shall be subject to the Consent of the Investor Member.

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

“Contractor” means People Incorporated of Virginia, a Virginia non-stock corporation, which is the general construction contractor for the Project.

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

“Counsel” or “Counsel for the Company” means Curcio & Curcio, PC, or such other attorney or law firm upon which the Investor Member and the Managing Member shall agree; provided, however, that if any section of this Agreement either (i) designates particular counsel for the purpose described therein, or (ii) provides that counsel for the purpose described therein shall be chosen by another method or by another Person, then such designation or provision shall prevail over this general definition.

“Credit Period” means the ten-year "credit period" as defined in and determined in accordance with Section 42(f) of the Code.

“Debt Service Coverage Ratio” shall mean a fraction, the numerator of which is the difference between all cash actually received by the Company on a cash basis from normal operations less all accrued operational costs of the Project, including any required deposits to a capital replacement reserve, and the denominator of which is all debt service, reserve, mortgage insurance premium and/or other cash requirements imposed by the Project Loan documents properly allocable to a particular period on an annualized basis, as determined by the Accountants (but not including loans to be repaid solely from available Net Cash Flow).

“Designated Individual” means the person appointed by the Partnership Representative to be the “designated individual” with the sole authority to bind the Partnership Representative pursuant to the Code and Treasure Regulations.

“Developer” means People Incorporated Housing Group, a Virginia nonstock corporation.

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

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

"Development Costs" means all of the following: (i) all direct or indirect costs paid or accrued by the Company related to the acquisition of the Land (and any improvements thereon) and the development or rehabilitation of the Project, including payment of the Development Fee, amounts due under the Construction Contract, any construction cost overruns, the cost of any change orders and all costs necessary to achieve Substantial Completion; (ii) all costs to achieve Initial Closing and Final Closing, and satisfy any escrow deposit requirements which are conditions to the Final Closing, including any amounts necessary for local taxes, utilities, mortgage insurance premiums, casualty and liability insurance premiums, and any applicable loan fees, discounts or other expenses; (iii) for the period prior to Breakeven Operations, all costs, payments and deposits needed to avoid a default under any Project Loan, including without limitation, all required deposits to satisfy any requirements of a Project Lender to keep a Project Loan "in balance"; (iv) all costs and expenses relating to remedying any environmental problem or condition or Hazardous Materials that existed on or prior to Final Closing; and (v) all Operating Deficits incurred by the Company prior to Breakeven Operations and the achievement of at least 95% physical and economic occupancy during the six-month period while Breakeven Operations are achieved.

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

"DHCD HOME Loan" means the Project Loan from the Sponsor to the Company using proceeds of a loan from the Department of Housing and Community Development, its successors and assigns ("DHCD") HOME Program identified on Exhibit F attached hereto.

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

"Early Delivery Capital Adjustment" has the meaning set forth in Section 5.01(e)(i).

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

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

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

"Extended Use Agreement" means the Extended Use Regulatory Agreement and Declaration of Restrictive Covenants executed by the Company and the Agency dated as of July 1, 2015, setting forth certain terms and conditions under which the Project is to be operated.

"Final Closing" means the occurrence of all of the following: (i) Substantial Completion, (ii) approval by the Project Lenders, if any, of the Company's certification of actual costs as to the development and construction or rehabilitation of the Project, (iii) disbursement by all Project Lenders of any and all previously undisbursed Project Loan proceeds including the funding of the Permanent Loan under Documents acceptable to the Investor Member, and (iv) commencement of amortization as to all Project Loans (to the extent any Project Loan requires principal amortization).

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

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

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

"Hazardous Substances" has the meaning set forth in Section 16.07(e).

"Hazardous Waste Laws" has the meaning set forth in Section 16.07(e).

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

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

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

"Initial Closing" means the date upon which one or more of the Project Loans is closed and the initial disbursement is made thereunder. The Initial Closing is anticipated to occur on December 17, 2018.

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

"Interest" or "Company Interest" means the ownership interest of a Member in the Company at any particular time, including the right of such Member to any and all benefits to which such Member may be entitled as provided in this Agreement and in the Act, together with the obligations of such Member to comply with all the terms and provisions of this Agreement and of said Act.

"Investor Member" means, initially, Housing Equity Fund of Virginia XXI, L.L.C., a Virginia limited liability company.

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

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

"Land" means the tract of land currently owned or to be purchased by the Company upon which the Project will be located, as more particularly described on Exhibit C attached hereto.

"Late Delivery Capital Adjustment" has the meaning set forth in Section 5.01(e)(i).

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

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

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

"LIHTC Recapture Event" means (a) the filing of a tax return by the Company evidencing a reduction in the qualified basis of the Project causing a recapture of LIHTC previously allocated to the Investor Member, (b) a reduction in the qualified basis of the Project following an audit by the IRS which results in the assessment of a deficiency by the IRS against the Company with respect to any LIHTC previously claimed in connection with the Project, unless the Company shall timely file a petition with respect to such deficiency with the United States Tax Court and any other federal tax court of competent jurisdiction and the collection of such assessment shall be stayed pending the disposition of such petition, (c) a decision by the United States Tax Court or any other federal court of competent jurisdiction upholding the assessment of such deficiency against the Company with respect to any LIHTC previously claimed in connection with the Project, unless the Company shall timely appeal such decision and the collection of such assessment shall

be stayed pending the disposition of such appeal, or (d) the decision of a federal court of competent jurisdiction affirming such decision.

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

“LIHTC Shortfall” means, as to any period of time, the difference between the Certified Credit for such period of time and the Actual Credit for such period of time. For purposes of determining the amount of the LIHTC Shortfall for a particular period of time, if there is an adjustment to Capital Contributions under Section 5.01(e) because of a Late Delivery Capital Adjustment, the LIHTC Shortfall for such period of time shall be reduced by the Late Delivery Capital Adjustment.

“Liquidator” means the Managing Member or, if there is none at the time in question, such other Person who may be appointed in accordance with applicable law and who shall be responsible for taking all action necessary or appropriate to wind up the affairs of, and distribute the assets of, the Company upon its dissolution.

“Loan Agreement” means any loan agreement and/or similar agreement with respect to the terms and conditions of the making of any of the Project Loans, which will be entered into between the Company and any one of the Project Lenders at or prior to the Final Closing.

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

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

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

“Managing Member” means Essex Management, L.L.C., a Virginia limited liability company and any other Person admitted as a Managing Member pursuant to this Agreement, and their respective successors as any such successor may be admitted pursuant to this Agreement, including those Persons admitted pursuant the provisions of Sections 6.02 and 6.03.

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

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

“Member” means any Managing Member, Investor Member or Special Member.

“Member Nonrecourse Debt” means any Nonrecourse Debt (or portion thereof) for which a Member or related Person (within the meaning of Treas. Reg. §1.752-4(b)) bears (or is deemed

to bear) the Economic Risk of Loss.

“Member Nonrecourse Deductions” has the meaning set forth in Treas. Reg. §1.704-2(i)(2), and the amount of Member Nonrecourse Deductions with respect to a Member Nonrecourse Debt for a fiscal year shall be determined in accordance with the rules of Treas. Reg. §1.704-2(i)(2).

"Minimum Gain" means the amount determined by computing with respect to each Nonrecourse Debt the amount of gain, if any, that would be realized by the Company if it disposed of the asset securing such liability (in a taxable transaction) in full satisfaction thereof (and for no other consideration), and by then aggregating the amounts so computed. For purposes of determining the amount of such gain with respect to a liability, the adjusted basis for federal income tax purposes of the asset securing the liability shall be allocated among all the liabilities that the asset secures in the manner set forth in Treas. Reg. §1.704-2(d)(2).

"Minimum Set-Aside Test" means the set-aside test selected by the Company pursuant to Section 42(g) of the Code with respect to the percentage of units in its Project to be occupied by tenants with incomes equal to no more than a certain percentage of area median income. The Company has selected or will select the 40–60 Set-Aside Test as restricted by Code Section 42(g)(1) to require at least 40% of the units in the Project be occupied by individuals with incomes of 60% or less of area median income, as adjusted for family size, as the Minimum Set-Aside Test.

"MM Loans" means the loans which may be made by the Managing Member to the Company pursuant to Section 5.07(a) hereof, including any accrued interest thereon. Operating Deficit Loans shall not constitute MM Loans.

"Mortgage" means any deed of trust to be given by the Company in favor of any Project Lender as maker of a Project Loan, constituting a lien on the Project and securing a Project Loan.

"Net Cash Flow" means the sum of (i) all cash received from rents, lease payments and all other sources, but excluding (A) tenant security or other deposits (except to the extent forfeited to the Company), (B) Capital Contributions and interest thereon (other than if used to pay for an item deducted below in determining Net Cash Flow), (C) proceeds from Capital Transactions and (D) interest on reserves not available for distribution, (ii) the net proceeds of any insurance, other than fire and extended coverage and title insurance, to the extent not reinvested, and (iii) any other funds deemed available for distribution by the Managing Member with the approval of the Project Lenders, if required, less the sum of (x) all cash expenditures, and all expenses unpaid but properly accrued, which have been incurred in the operation of the Company's business (whether or not such expenditure is deducted, amortized or capitalized for tax purposes), including the management fee to the Management Agent and the Accounting Fee, (y) all payments on account of any loans made to the Company (whether such loan is made by a Member or otherwise), but not including any amounts to be paid pursuant to the Development Agreement or pursuant to any loans made by any Members where repayment of such loans is to be made out of Net Cash Flow, and (z) any cash reserves for working capital, capital expenditures, repairs, replacements and anticipated expenditures, in such amounts as may be required by the Project Lenders or the Investor

Member, or may be determined from time to time by the Managing Member with the approval of the Investor Member and the Project Lenders, if required, to be advisable for the operation of the Company.

"Net Projected Tax Liabilities" means, as determined by the Accountants, based on the Company's tax records, and any final adjustments made prior to the availability of proceeds of Capital Transaction(s) for distribution, the cumulative amounts of the respective projected liabilities (collectively, the "Projected Tax Liabilities") of the Managing Member, the Investor Member's members, and their respective partners and members, if any, (collectively, the "Company Taxpayers") for any and all federal, state, and local taxes, including any recapture of prior LIHTC, to be imposed on the Company Taxpayers by reason of all Capital Transactions of the Company from which the proceeds in question are to be distributed, any and all prior Capital Transactions of the Company (to the extent proceeds from such prior Capital Transactions equal to the Projected Tax Liabilities for such prior transactions were not distributed) and any liquidation of the Company. Such projections of liabilities shall estimate the applicable tax rate or rates for the Managing Member (based on actual or projected taxable income) and shall assume the maximum applicable tax rate or rates for each of the Investor Member's partners or members, if any (without regard to actual taxable income), in effect at the time of each Capital Transaction, in all cases without regard to the alternative minimum tax, limitations on the use of business tax credits, or other factors that may affect tax liability in particular cases, and without adjustment for any variance from actual tax liabilities that may later occur.

"New Allocation" has the meaning set forth in Section 11.07(m)(ii).

"Nonrecourse Debt" means any Company liability that is considered nonrecourse for purposes of Treas. Reg. §1.1001-2 (without regard to whether such liability is a recourse liability under Treas. Reg. §1.752-1(a)(1)).

"Nonrecourse Deductions" has the meaning set forth in Treas. Reg. §1.704-2(b)(1).

"Nonrecourse Liability" means any Company liability (or portion thereof) for which no Member or related Person (within the meaning of Treas. Reg. §1.752-4(b)) bears (or is deemed to bear) the Economic Risk of Loss.

"Note" means any mortgage or deed of trust promissory note given by the Company in favor of a Project Lender evidencing a Project Loan.

"Notice" means a writing containing the information required by this Agreement to be communicated to a Member and sent by any manner set forth in Section 16.08, to such Member at such Member's address as specified pursuant to Section 16.08, the date of receipt thereof (or the next business day if the date of receipt is not a business day) or, in the case of registered or certified mail, the date of registry thereof or the date of the certification receipt, as applicable, being deemed the date of such Notice; provided, however, that any written communication containing such

information sent to such Member actually received by such Member shall constitute Notice for all purposes of this Agreement.

"Operating Deficit" means the amount by which the gross receipts of the Company from lease payments, and all other income and receipts of the Company (other than proceeds of any loans to the Company, Capital Contributions, and investment earnings not available for distribution on funds on deposit in the Reserve Fund for Replacements, and other such reserve or escrow funds or accounts not available for distribution) for a particular period of time, is exceeded by the sum of all the operating expenses, including all debt service, operating and maintenance expenses, required deposits into the Reserve Fund for Replacements, any fees to the Project Lenders and/or any applicable mortgage insurance premium payments and all other Company obligations or expenditures, and excluding payments for construction of the Project and fees and other expenses and obligations of the Company to be paid from the Capital Contributions of the Investor Member to the Company pursuant to this Agreement during the same period of time.

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

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

"Partnership Representative" has the meaning set forth in Section 11.08 of this Agreement.

"Payment Date" means the date which is ninety (90) days after the end of the Company's fiscal year with respect to the preceding fiscal year.

"Percentage Interest" means the percentage Interest of each Member as set forth in Sections 5.01(a) and (c).

"Permanent Loan" means the loans set forth on **Exhibit F** hereto as described as permanent loan.

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

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

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

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

"Profits" and "Losses" mean, for each fiscal year of the Company, an amount equal to the Company's taxable income or loss for such period from all sources, determined in accordance with §703(a) of the Code, adjusted in the following manner: (a) the income of the Company that is exempt from federal income tax shall be added to such taxable income or loss; (b) any expenditures of the Company which are not deductible in computing its taxable income and not properly chargeable to capital account under either §705(a)(2)(B) of the Code or the regulations promulgated under §704(b) of the Code shall be subtracted from such taxable income or loss; (c) in the event any Company asset is revalued in accordance with Treas. Reg. §1.704-1(b)(2)(iv)(f), then the amount of any adjustment to the value of such Company asset shall be taken into account as gain or loss from the disposition of such Company asset for purposes of computing Profits or Losses; (d) gain or loss resulting from any disposition of Company asset which has been revalued pursuant to Treas. Reg. §1.704-1(b)(2)(iv)(f) and with respect to which gain or loss is recognized for Federal income tax purposes shall be computed by reference to the adjusted value of such Company asset, notwithstanding that the adjusted tax basis of such Company asset differs from the adjusted value; (e) any depreciation, amortization or other cost recovery deductions taken into account in computing such taxable income or loss shall be recomputed based upon the adjusted value of any Company asset which has been revalued in accordance with Treas. Reg. §1.704-1(b)(2)(iv)(f); and (f) any items of income, gain, loss, deduction or credit which are specially allocated pursuant to Sections 11.07(b) through (n) shall not be taken into account in computing Profits or Losses.

"Project" means the land currently owned (or to be purchased) by the Company in Tappahannock, Virginia and the improvements to be rehabilitated, owned and operated thereon by the Company, and to be known as Essex Manor Apartments.

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

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

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

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

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

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

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

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

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

"Regulatory Agreement" means, to the extent applicable, and collectively, any regulatory agreements and/or any declaration of covenants and restrictions to be entered into between the Company and any Project Lender or any applicable government agency at or after the Initial Closing setting forth certain terms and conditions under which the Project is to be operated.

"Rent Restriction Test" means the test pursuant to Section 42(g) of the Code whereby the gross rent charged to tenants of the low-income units in the Project cannot exceed thirty percent (30%) of the imputed income limitation of the applicable units.

"Rental Assistance Agreement" means the USDA Section 515 Rental Assistance Agreement between the Company and USDA Rural Development Rural Housing Service with respect to 40 units.

"Reserve Fund for Replacements" means the cash funded reserve for replacements required pursuant to Section 4.02 (q).

"Special Additional Capital Contribution" means the Special Additional Capital Contributions of the Investor Member under Section 5.01(d)(vii).

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

"Sponsor" means People Incorporated Housing Group, its successors and assigns.

"Sponsor Loan" means the DHCD HOME Loan from Sponsor identified on **Exhibit F** hereto.

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

"Substantial Completion" means the date that the Company receives all necessary permanent certificate(s) of occupancy (or certificates of occupancy which contain conditions or qualifications which are Consented to by the Investor Member) from the applicable governmental jurisdictions) or authority(ies); provided, however, that Substantial Completion shall not be deemed to have occurred if on such date any liens or other encumbrances as to title to the Land and the Project exist, other than those securing any Project Loan and/or those Consented to by the Investor Member.

"Substitute Investor Member" means any Person admitted to the Company as an Investor Member pursuant to Section 9.02.

"Surplus Cash" means any Net Cash Flow which, pursuant to the Project Documents or rules or regulations of any Project Lenders or the Agency, is permitted to be distributed to the Members.

"Title Company" means Fidelity National Title Insurance Company.

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

"Unpaid LIHTC Shortfall" means the outstanding amount of any LIHTC Shortfall for all the fiscal years of the Company, reduced by any amounts of Unpaid LIHTC Shortfall distributed to the Investor Member pursuant to Article XI of this Agreement. The unpaid LIHTC Shortfall shall bear interest at the "long-term applicable Federal rate" (as defined in Section 1274 of the Code) determined as of the date of the Investor Member's First Capital Contribution, compounded monthly.

"USDA" means United States Department of Agriculture.

"USDA Loan" means the Project Loan from USDA identified on **Exhibit F** hereto

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

"VHDA" means Virginia Housing Development Authority

"Withdrawing Investor Member" means People Incorporated of Virginia.

ARTICLE III
PURPOSE AND BUSINESS OF THE COMPANY

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

3.02 Authority of the Company. In order to carry out its purpose, the Company is empowered and authorized to do any and all acts and things necessary, appropriate, proper, advisable, incidental to or convenient for the furtherance and accomplishment of its purpose, and for the protection and benefit of the Company, including but not limited to the following:

(a) acquire the Land on which the Project is to be located and any improvements thereon;

(b) construct, rehabilitate, operate, maintain, improve, buy, own, sell, convey, assign, mortgage, rent or lease any real estate and any personal property necessary to the operation of the Project;

(c) provide housing, subject to the Minimum Set-Aside Test and the Rent Restriction Test and consistent with the requirements of the Extended Use Agreement, the Regulatory Agreement and the Loan Agreements so long as the Extended Use Agreement, the Regulatory Agreement and the Loan Agreements, as applicable, remain(s) in force;

(d) enter into any kind of activity, and perform and carry out contracts of any kind necessary to, in connection with, or incidental to, the accomplishment of the purposes of the Company;

(e) borrow money and issue evidences of indebtedness in furtherance of the Company business and secure any such indebtedness by mortgage, pledge, or other lien; provided, however, that unless otherwise specifically allowed under this Agreement or otherwise Consented to by the Investor Member, any Project Loans, and any evidences of indebtedness thereof and any documents amending, modifying or replacing any of such loans shall have the legal effect that at and after Final Closing the Company and the Members shall have no personal liability for the repayment of the principal of or payment of interest on any Project Loan, and that the sole recourse of any Project Lender, with respect to the principal thereof and interest thereon, shall be to the property securing such Project Loan, except for any Carveouts;

(f) maintain and operate the Project, including hiring the Management Agent (which Management Agent may be any of the Members or an Affiliate thereof) and entering into any agreement for the management of the Project during its rent-up and after its rent-up period;

(g) subject to the approval of the Agency and/or the Project Lenders, if required, and to other limitations expressly set forth elsewhere in this Agreement, negotiate for and conclude agreements for the sale, exchange, lease or other disposition of all or substantially all of the property of the Company, or for the refinancing of any mortgage loan on the property of the Company;

(h) enter into the Loan Agreement, the Regulatory Agreement and the Extended Use Agreement, providing for regulations with respect to rents, profits, dividends and the disposition of property;

(i) rent dwelling units in the Project from time to time, in accordance with the provisions of the Code applicable to LIHTC and in accordance with applicable federal, state and local regulations, collecting the rents therefrom, paying the expenses incurred in connection with the Project, and distributing the net proceeds to the Members, subject to any requirements which may be imposed by the Extended Use Agreement, the Regulatory Agreement and/or the other Project Documents; and

(j) do any and all other acts and things necessary or proper in furtherance of the Company business.

ARTICLE IV
REPRESENTATIONS, WARRANTIES AND COVENANTS;
DUTIES AND OBLIGATIONS

4.01 Representations, Warranties and Covenants Relating to the Project and the Company. As of the date hereof, the Managing Member hereby represents, warrants and covenants to the Company and to the Members that:

(a) Due Authorizations, Execution and Delivery. The execution and delivery of this Agreement by the Managing Member and the performance by the Managing Member of the transactions contemplated hereby have been duly authorized by all requisite corporate, partnership, limited liability company or trust actions or proceedings. The Managing Member is duly organized, validly existing and in good standing under the laws of the state of its formation with power to enter into this Agreement and to consummate the transactions contemplated hereby.

(b) Rehabilitation of Project. The rehabilitation and development of the Project shall be undertaken and shall be completed in a timely and workmanlike manner in accordance with (i) all applicable requirements of the Project Loans and the Project Documents, (ii) all

applicable requirements of all appropriate governmental entities, and (iii) the Plans and Specifications of the Project that have been or shall be hereafter approved by the Investor Member and, if required, the Project Lenders and any applicable governmental entities, as such Plans and Specifications may be changed from time to time with the approval of the Investor Member and the Project Lenders, if required, and any applicable governmental entities, if such approval shall be required; it shall promptly provide copies of all change orders to the Investor Member.

(c) Zoning and Related Matters. At the date hereof, at the Initial Closing and at the time of commencement of rehabilitation and thereafter continuously, the Land is and will be properly zoned for the Project, all consents, permissions and licenses required by all applicable governmental entities have been obtained, and the Project conforms and will conform to all applicable federal, state and local land use, zoning, environmental and other governmental laws and regulations.

(d) Plans and Specifications. The Managing Member has sent to the Investor Member the Plans and Specifications (including, without limitation, all working drawings) and all construction schedules, approved the draws, certifications concerning occupancy, lien notices, project inspection reports, proposed changes and modifications to the Plans and Specifications, all documents pertaining to the Project Loan and any other information that is relevant to the rehabilitation and development of the Project.

(e) Public Utilities. All appropriate public utilities, including sanitary and storm sewers, water, gas and electricity, are currently available and will be operating properly and in sufficient capacity for the Project at the time of certificate of occupancy. The Managing Member will keep all such utilities operating in a manner sufficient to service the Project.

(f) Title Insurance. An owner's title insurance policy of a financially responsible institution acceptable to the Investor Member, in an amount equal to the principal amount of the Project Loans and the Capital Contributions of the Managing Member and the Investor Member, in favor of the Company, will be issued at or prior to the Initial Closing subject only to such easements, covenants, restrictions and such other standard exceptions as are normally included in owner's title insurance policies and which are Consented to by the Investor Member and with such endorsements to such policy as the Investor Member may request. Good and marketable fee simple title to the Land will be held by the Company. The Managing Member has not made any misrepresentation or failed to make any disclosure that will or could result in the Company lacking title insurance coverage based on imputation of knowledge of the Managing Member to the Company or the Managing Member's ability to perform its obligations hereunder.

(g) Non-Recourse Loans. Except as otherwise provided herein, at and after the Final Closing, there shall be no direct or indirect personal liability of the Company, any of the Members, or any Affiliates of the Company or Members for the repayment of the principal of or payment of interest on any Project Loan, and the sole recourse of any Project Lender under any Project Loan with respect to the principal thereof and interest thereon shall be to the property securing the indebtedness, except for any liability of the Managing Member with respect to

customary "carveouts" that are set forth in loan documents relating to the Project Loans (the "Carveouts") to which the Investor Member has Consented. However, the Managing Member shall be personally liable for the obligations of the Company under the Sponsor Loans as described in **Exhibit F**, to the same extent as if it was a general partner in a limited partnership.

(h) **No Defaults.** The Managing Member is not aware of any default or any circumstances which, with the giving of notice or the passage of time, would constitute a default, under any agreement, contract, lease, or other commitment, or of any claim, demand, litigation, proceedings or governmental investigation pending or threatened against the Managing Member, the Project or the Company, or related to the business or assets of the Managing Member, the Project or Company, which claim, demand, litigation, proceeding or governmental investigation could result in any judgment, order, decree, or settlement which would materially and adversely affect the business or assets of the Managing Member, the Project or Company.

(i) **No Violation.** The execution of this Agreement, the incurrence of the obligations set forth in this Agreement, and the consummation of the transactions contemplated by this Agreement do not violate any provision of law, any order, judgment or decree of any court binding on the Company or the Managing Member or any Affiliate(s) thereof, any provision of any indenture, agreement, or other instrument to which the Company or the Managing Member is a party or by which the Company, Managing Member or the Project is affected, and is not in conflict with, and will not result in a breach of or constitute a default under any such indenture, agreement, or other instrument or result in creating or imposing any lien, charge, or encumbrance of any nature whatsoever upon the Project.

(j) **Construction Contract.** The Construction Contract has been entered into between the Company and the Contractor; no other consideration or fee shall be paid to the Contractor in its capacity as the Contractor for the Project other than the amounts set forth in the Construction Contract or as evidenced by change orders approved by the Project Lenders and as otherwise disclosed in writing to and approved by the Investor Member; and all change orders to date have been paid in full. In addition, no consideration or fee shall be paid to the Developer or Managing Member by the Contractor.

(k) **Performance Bond; Letter of Credit.** Either (i) one hundred percent (100%) payment and performance bonds issued by a nationally, financially recognized bonding company, in forms acceptable to the Project Lenders and the Investor Member, and in amounts satisfactory to the Project Lenders and the Investor Member, or (ii) a letter of credit in an amount and in a form, and from an issuer satisfactory to the Project Lenders and the Investor Member, will be obtained by the Contractor at or before Initial Closing and shall remain in full force and effect under terms and conditions as shall be acceptable to the Project Lenders and the Investor Member; in the alternative, the obligations of the Contractor will be guaranteed by the Managing Member and the Affiliate Guarantors and secured by cash, letter of credit or other security acceptable to the Project Lenders and the Investor Member.

(l) Insurance. The Managing Member shall cause the Company to obtain and maintain insurance in accordance with the requirements of Exhibit I attached hereto.

(m) No Undisclosed Financial Responsibilities. Neither the Company, nor the Managing Member, either individually or on behalf of the Company, has incurred any financial responsibility with respect to the Project prior to the date of execution of this Agreement, other than (i) that disclosed to the Investor Member, or (ii) obligations which will be fully satisfied at or prior to the Initial Closing. As of the date hereof and hereafter continuously, unless the Investor Member otherwise Consents or unless otherwise specifically provided for herein, the only indebtedness of the Company with respect to the Project are the Project Loans, if any, described on Exhibit F. Without limiting the generality of the foregoing, neither the Managing Member, any of its Affiliates nor the Company, has entered, or shall enter, into any agreement or contract for any loans (other than the Project Loan) or for the payment of any Project Loan discounts, additional interest, yield maintenance or other interest charges or financing fees or any agreement providing for the guarantee of payment of any such interest charges or financing fees relating to any Project Loan.

(n) Valid Limited Liability Company; Power of Authority. The Company is and will continue to be a valid limited liability company, duly organized under the laws of the Commonwealth of Virginia, and shall have and shall continue to have full power and authority to acquire the Land and to own, develop, construct, operate and maintain the Project in accordance with the terms of this Agreement, and shall have taken and shall continue to take all action under the laws of the State of Formation and any other applicable jurisdiction that is necessary to protect the limited liability of the Investor Members and to enable the Company to engage in its business.

(o) Restrictions on Sale or Refinancing. No restrictions on the sale or refinancing of the Project, other than restrictions that may be set forth in the Project Documents, exist as of the date hereof, and no such restrictions shall, at any time while the Investor Member is an Investor Member, be placed upon the sale or refinancing of the Project.

(p) Projected LIHTC. The Projected LIHTC applicable to the Project is \$35,052 for 2019, \$184,821 for 2020, \$191,194 for each year 2021 through 2028, \$156,142 for 2029 and \$6,373 for 2030 which equals the amount of LIHTC the Managing Member has projected will be available to the Company. There is and at all times shall continue to be sufficient eligible basis (as defined in Section 47 of the Code) to provide the full amount of the Projected LIHTC.

(q) Compliance with Agreements. To the best of its knowledge after due inquiry, the Managing Member, either individually or on behalf of the Company, has fully complied with all applicable provisions and requirements of any and all contracts, options and other agreements with respect to the purchase of the Land and the ownership, development, financing and operation of the Project including all Project Documents; it shall take, and/or cause the Company to take, all actions as shall be necessary to achieve and maintain continued compliance with the provisions, and fulfill all applicable requirements, of such agreements.

(r) State Designation. On April 27, 2017, the Company received valid State Designation with respect to the Project in the amount of \$1,911,940 for the Credit Period.

(s) Applicable Income and Rent Restrictions. The Project is being developed in a manner which satisfies, and shall continue to satisfy, all restrictions, including tenant income and rent restrictions, applicable to projects generating LIHTC under Section 42 of the Code. The Company will comply with the so-called "40-60 Set-Aside Test" of Code Section 42(g)(1)(B), as restricted by Code Section 42(i)(2)(E)(i) so that at least 40% of the residential units in the Project will be occupied by individuals with incomes of 60% or less of area median income, as adjusted for family size; the Project is not subject to any other rental restrictions under the Project Documents except to the extent that more than 40% of the residential units in the Project will be rent and income restricted in order to generate the full amount of the Projected Credits. In addition to the foregoing, four (4) units shall be occupied by individuals with incomes 40% or less of area median income, as adjusted for family size, sixteen (16) units shall be occupied by individuals with incomes 50% or less of area median income, as adjusted for family size and the remaining units shall have rent levels at 60% or less of area median income, as adjusted for family size.

(t) Term of Extended Use Agreement. The term of the Extended Use Agreement will not exceed 30 years and neither the Extended Use Agreement nor any other document, instrument or agreement to which the Company is a party shall restrict, limit or waive the right of the Company to cause a termination of the Extended Use Agreement prior to the end of such 30-year term in accordance with Code Section 42(h)(6)(E)(i)(II).

(u) Ownership of Managing Member. People Incorporated Housing Group owns and shall continue to own at all times during the term of the Company one hundred percent (100%) of all classes of interests of the Managing Member.

(v) Title to Project; Taxes and Assessments. The Company has and shall have at all times good and marketable title to the Project, subject only to permitted exceptions thereto to which the Investor Member has given its Consent. All real estate taxes, assessments, water and sewer charges and other municipal charges, to the extent due and owing, have been paid in full on the Project.

(w) Taxpayer Certifications. On behalf of the Company, the Managing Member will cause to be filed any and all certifications and other documents on a timely basis with the IRS, the Agency and all other Authorities, as have been and may be required to support the full amount of Projected Credits.

(x) Taxation and Limited Liability. No event has occurred that has caused, and the Managing Member will not act in any manner that will cause (i) the Company to be treated for federal income tax purposes as an "association" taxable as a corporation, rather than as a partnership; or (ii) the Investor Member or the Special Member to be liable for the Company's obligations in excess of its Capital Contributions.

(y) No Tax-Exempt Use Property. No portion of the Project is or will be treated as "tax exempt use property" as defined in Section 168(h) of the Code. In the event the Managing Member or any member or shareholder of the Managing Member is controlled by a tax-exempt entity, such entity will make the election permitted under Section 168(h)(6)(F) of the Code. The Managing Member shall not allow the Company to enter into any lease with a tax-exempt entity without the prior written approval of the Special Member.

(z) No Abusive Tax Shelter. The Managing Member has not received notice from the IRS that it has considered the Managing Member to be involved in any abusive tax shelter and is not aware of any facts, which if known to the IRS, would cause such notice to be issued.

(aa) Required Consents; No Defaults Under Loan Documents. The Company has obtained all consents required for the admission of the Investor Member to the Company, including but not limited to, the consent of the holder(s) of the Project Loans, if necessary, and any required consents of applicable Authorities.

(ab) Bankruptcy. No Bankruptcy, including, without limitation, attachments, execution proceedings, assignments for the benefit of creditors, insolvency, reorganization or other proceedings are pending or threatened against the Company or the Managing Member. The Managing Member will not permit such a Bankruptcy to occur.

(ac) Governmental Actions. To the best of the Managing Member's knowledge, there is no official action of any Authority, pending or threatened, which in any way would (i) have a material adverse effect on the Company, the Project, the Investor Member or the LIHTC; (ii) involve any intended public improvements which improvements may result in any charge in excess of \$10,000 being levied against the Land; or (iii) any special assessment, being levied against or assessed upon the Land or the Project. There is no existing, proposed or contemplated, plan to widen, modify or realign any street or highway contiguous to the Land. The Managing Member will promptly notify the Investor Member of any such official actions or plans, if and as they arise.

(ad) Moratoria; Assignments; Dedications. There is no reassessment (except for real estate property taxes), reclassification, rezoning, proceeding, ordinance or regulation (including amendments and modifications to any of the foregoing) pending or proposed to be imposed, by any Authority or any public or private utility having jurisdiction over the Land which would have a material adverse effect upon the use or occupancy of the Project. No special assessments have been levied against the Project or by an Authority upon the commencement or completion of any construction, alteration or rehabilitation on or of the Project or any portion thereof. The Managing Member will promptly notify the Investor Member of any such actions, if and as they arise. Except as previously disclosed in writing to and approved by the Investor Member, the completion of the improvements, alteration or rehabilitation on or to the Project or any portion thereof will not require the dedication of any portion of the Project by any Authority.

(ae) No Defects, Compliance. Upon completion of the Project, there will be no material physical or mechanical defects or deficiencies in the condition of the Project, including, but not limited to, the roofs, exterior walls or structural components of the Project and the heating, air conditioning, plumbing, ventilating, elevator, utility, sprinkler and other mechanical and electrical systems, apparatuses and appliances located in, or about, the Land which would materially and adversely affect the Project or any portion thereof. The Project is free from infestation by termites or other pests, insects, animals or other vermin and the Managing Member will keep it so. The Project conforms (or will timely conform) to all governmental regulations, including, without limitation, all zoning, building, health, fire and environmental rules, regulations ordinances or requirements or environmental laws, regulations or procedures applicable to the Project where the failure to conform would result in a material adverse effect.

(af) No Defective Soils Conditions. To the best of the Managing Member's knowledge after due inquiry, there are no defects or conditions of the soil that would have a material adverse effect upon the use, occupancy and operation of the Project. The soil condition of the Land is such that it will support all of the improvements to be located thereon for its foreseeable life, without the need for unusual or new subsurface excavations, fill, footings, caissons or other installations. The improvements on the Land, as built, will be or are constructed in a manner compatible with the soil condition at the time of construction and all necessary excavations, fills, footings, caissons and other installations were then, have since been and will be provided.

(ag) Rights of First Refusal; Options. Except as contemplated by the Right of First Refusal Agreement set forth in **Exhibit L** attached hereto, neither the Managing Member nor the Company has entered into (nor will enter into) any contracts for the sale of the Project, the LIHTC with respect thereto, or any interest in the Project or Company other than in contemplation of this Agreement, nor do there exist any rights of first refusal or options to purchase the Project, the LIHTC with respect thereto, or any interest in the Company.

(ah) Securities Law Compliance. The Managing Member has or will have timely complied or cause the timely compliance with all applicable Federal and state securities laws in connection with the offer and sale of the interest in the Company to the Investor Member.

(ai) Truth and Completeness of Representations and Disclosures. No representation, warranty or statement of the Managing Member in this Agreement or in any document, certificate or schedule furnished or to be furnished to the Investor Member pursuant hereto contains or will contain any untrue statement of a material fact or omits or will omit to state a material fact necessary to make the statements or facts contained therein not misleading. All material information concerning the Project known to the Managing Member or any of its Affiliates, or which should have been known to any of them in the exercise of reasonable care, has been disclosed by the Managing Member to the Investor Member and there are no facts or information known to the Managing Member or any of its Affiliates, or which should have been known to any of them in the exercise of reasonable care, which would make any of the facts or

information submitted by the Managing Member to the Investor Member with respect to the Project inaccurate, incomplete or misleading in any material respect.

(aj) Compliance with Fair Housing Act. At all times during the term of this Agreement, the Company shall comply with the provisions of the Fair Housing Act, as amended, including without limitation, complying with all provisions thereof relating to housing for the elderly.

(ak) Lenders to Project Entities Generally. Subject to provisions of this Agreement with respect to related party loans, an investor member or member, including without limitation the Federal Home Loan Mortgage Corporation (such investor, member or partner being referred to herein as a “Mortgagee”), in any entity that is a Member herein at any time may make, guarantee, own, acquire, or otherwise credit enhance, in whole or in part, a loan secured by a mortgage, deed of trust, trust deed, or other security instrument encumbering the Project owned by the Company (any such loan being referred to as a “Mortgage Loan”). Under no circumstances will a Mortgagee be considered to be acting on behalf or as an agent or the alter ego of such Member. A Mortgagee may take any actions that the Mortgagee, in its discretion, determines to be advisable in connection with a Mortgage Loan (including in connection with the enforcement of a Mortgage Loan). By acquiring an interest in the Company, each Member acknowledges that no Mortgagee owes the Company or any Member any fiduciary duty or other duty or obligation whatsoever by virtue of such Mortgagee being a limited partner or member in a Member. Neither the Company nor any Member will make any claim against a Mortgagee, or against the Member in which the Mortgagee is a member or partner, relating to a Mortgage Loan and alleging any breach of any fiduciary duty, duty of care, or other duty whatsoever to the Company or to any Member based in any way upon the Mortgagee’s status as an partner or member of a Member.

(al) Member Loans. No Member or any Affiliate of a Member shall make or purchase a loan to the Company unless the Company receives an opinion of competent tax counsel to the effect that such loan will have no adverse tax consequences to any of the Members.

(am) Rental Assistance Agreement. All of the units in the Project currently receive, and shall continue to receive, USDA Section 515 Rental Assistance. The Managing Member shall continue to comply with all regulations governing the administration of the USDA Section 515 Rental Assistance program and abide by all terms of the Rental Assistance Agreement.

(an) Development Budget. The Development Budget attached hereto as **Exhibit H** is accurate and complete. The assumptions underlying the calculations therein are reasonable and based upon the Managing Member's knowledge and experience.

(ao) Reportable Transactions. The Company and its Members shall be permitted to disclose to any and all Persons, without limitation of any kind, the “tax treatment and tax structure” (as defined in Treasury Regulation Section 1.6011-4(c)) of the transaction contemplated by this Agreement and all materials of any kind (including opinions or other tax analyses) relating to such tax treatment and tax structure. The Managing Member shall (A) promptly notify the

Investor Member of any “reportable transaction” under Code Section 6707(A)(c) or Treasury Regulation Section 1.6011-4 in which the Company shall engage or which it reports under Code Section 6111 and (B) maintain investor lists with respect to the Company as required under Code Section 6112. The Managing Member shall be responsible for its expenses or penalties attributable to its failure to report a reportable transaction or maintain lists (in accordance with Code Section 6112) as required by the Managing Member or the Company under the Code and applicable Treasury Regulations. Material advisors are required to supplement information disclosed to the IRS if the information provided in a filed disclosure is no longer accurate, in such instances, the Managing Member agrees to provide timely supplemental information about the Project to the IRS and the Investor.

(ap) Reasonableness of Fees. All fees to be paid to the Managing Member or any Affiliate of the Managing Member hereunder or otherwise in connection with the development of the Project are reasonable in amount and consistent with standard practice in the industry.

(aq) REAC and HUD Reports. The Managing Member shall advise the Investor Member of any REAC (Real Estate Assessment Center) inspection reports it receives with respect to the Project as well as any notices from HUD indicating any adverse findings with respect to the Project, including, but not limited to, the following:

- (i) management review findings;
- (ii) Section 8 HAP contract violations; and
- (iii) HUD Regulatory Agreement violations.

(ar) Governmental Review and Approvals/HUD 2530 Language. The Company shall not acquire or proceed with the development of the Project unless approval is obtained from HUD if such approval is required in connection with such development or acquisition. If the acquisition or development of the Project necessitates the filing of a Form 2530 Previous Participation Certificate with HUD (a "Previous Participation Certification"), the Managing Member shall so notify the Investor Member and such acquisition or development shall not proceed without the required Form 2530 filing. The Managing Member shall also provide adequate information to the Investor Member to enable any of its members to file any additional documents that may be required by HUD. Such information shall include but not be limited to the following:

- (i) type of financing and governmental agency providing such assistance, FHA project number, Section 8 contract number or other agency identification number (if any);
- (ii) closing date/date of receipt of assistance;
- (iii) date that the Project is intended to be acquired and/or the development is to

be financed by the Company;

(iv) property address and last inspection date/rating;

(v) status of any pre-existing loan on the project (current, defaulted, assigned or foreclosed) and if ever defaulted, an explanation as to the causes of such default/foreclosure.

(as) OFAC Requirements. The Managing Member and its Affiliates are (i) in compliance with all applicable anti-money laundering laws, including, without limitation, the USA Patriot Act and the laws administered by the United States Treasury Department's Office of Foreign Assets Control ("OFAC"), including, without limitation, Executive Order 13224, (ii) not on the Specially Designated Nationals and Blocked Persons List maintained by OFAC, and (iii) not otherwise identified by a government entity or legal authority as a Person with whom a U.S. Person is prohibited from transacting business. "U.S. Person" shall mean any United States citizen, any permanent resident alien, any entity organized under the laws of the United States (including foreign branches), or any person in the United States.

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

4.02 Duties and Obligations Relating to the Project and the Company. The Managing Member shall have the following duties and obligations with respect to the Project and the Company:

(a) Qualifying for LIHTC. It shall ensure that all requirements shall be met which are necessary to obtain or achieve (i) compliance with the Minimum Set-Aside Test, the Rent Restriction Test, and any other requirements necessary for the Project to initially qualify, and to continue to qualify, for LIHTC, including all applicable requirements set forth in the Regulatory Agreement and the Extended Use Agreement, (ii) issuance of IRS Form(s) 8609 with respect to the LIHTC, (iii) issuance of all necessary permanent, unconditional certificates of occupancy, including all governmental approvals required to permit occupancy of the Project, (iv) Initial Closing and Final Closing, and (v) compliance with all material provisions of the Project Documents.

(b) Tax Treatment of Company. While conducting the business of the Company, the Managing Member shall not act in any manner which it knows or should have known after due inquiry will (i) cause the termination of the Company for federal income tax purposes without the Consent of the Investor Member or (ii) cause the Company to be treated for federal income tax purposes as an association taxable as a corporation.

(c) Securities Law Matters. The Managing Member shall prepare and timely file all appropriate reports for the Company with the Securities and Exchange Commission and state securities administrators.

(d) Limited Liability Company Status. The Managing Member shall (i) file such certificates and do such other acts as may be required to qualify and maintain the Company as a limited liability company under the Act and to qualify the Company to transact business in all such other jurisdictions as may be required under the applicable provisions of law, and (ii) take or cause the Company to take all reasonable steps deemed necessary by counsel to the Company to assure that the Company is at all times classified as a partnership for federal income tax purposes.

(e) Good Faith of Managing Member. It shall exercise good faith in all activities relating to the conduct of the business of the Company, including the development, operation and maintenance of the Project, and the Managing Member shall take no action with respect to the business and property of the Company which is not reasonably related to the achievement of the purpose of the Company.

(f) No Security Interests or Encumbrances, Debt Service Coverage Ratio. The Managing Member shall ensure that all of (i) the fixtures, maintenance supplies, tools, equipment and the like now and to be owned by the Company or to be appurtenant to, or to be used in the operation of the Project, as well as (ii) the rents, revenues and profits earned from the operation of the Project, will be free and clear of all security interests and encumbrances except for the Project Loans, the Mortgages, and any additional security agreements executed in connection therewith. From and after the Final Closing, the Project shall maintain a Debt Service Coverage Ratio of at least 1.15:1.0.

(g) Basis Adjustments. It will execute on behalf of the Company all documents necessary pursuant to Sections 732, 743 and 754 of the Code to elect to adjust the basis of the Company's property upon the request of the Investor Member, if, in the sole opinion of the Investor Member, such election would be advantageous to the Investor Member.

(h) Payment of Development Fee. It guarantees payment by the Company of the Development Fee as provided in Section 5.01(b).

(i) Tax Returns and Financial Statements. It shall, during and after the period in which it is a Member, provide the Company with such information and sign such documents as are necessary for the Company to make timely, accurate and complete submissions of federal and state income tax returns and shall provide the Investor Member with the opportunity to review and Consent to drafts of all such returns at least twenty (20) days prior to their filing date, and will incorporate the changes of the Investor Member. In addition, the Managing Member shall provide the Investor Member with the opportunity to have not less than twenty (20) days to review drafts of audited financial statements prior to their finalization and will incorporate the changes of the Investor Member.

(j) Compliance with Governmental and Contractor Obligations. It shall comply and cause the Company to comply with the provisions of all applicable governmental and contractual obligations including any Regulatory Agreement and Rental Assistance Agreement.

(k) Tax Elections. It has made (if applicable) and shall make such elections, or refrain from making such elections, with respect to the LIHTC, as are necessary to achieve and maintain the maximum allowable LIHTC to the Investor Member, unless otherwise directed in writing by the Investor Member. The Managing Member will make the election to be taxable under Section 168(h) of the Code. In connection herewith, the Company will not make an election to opt out of the bonus depreciation available under Section 168(k) of the Code without the Consent of the Investor Member.

(l) Fines and Penalties. It shall be responsible for the payment of any fines or penalties imposed by any applicable governmental authority or any Project Lender pursuant to the Project Documents and any documents executed in connection with obtaining the LIHTC (other than with respect to payments of principal or interest under any Project Loan) attributable to any action or inaction of it or its Affiliates.

(m) Notification of Default or IRS Proceedings. It shall immediately notify the Investor Member of any written or oral notice of (i) any default or failure of compliance with respect to any of the Project Loans or any other financial, contractual or governmental obligation of the Company or the Managing Member, or (ii) any IRS proceeding regarding the Project or the Company.

(n) Notification of Construction Delays. If at any time during the construction or rehabilitation of the Project, (i) construction or rehabilitation stops or is suspended for a period of ten (10) consecutive days, or (ii) construction or rehabilitation has been delayed so that in the reasonable determination of the Managing Member (A) Substantial Completion may not be achieved by the date set forth in the Construction Contract, or (B) the Projected Credits for any year during the Credit Period may not be achieved, the Managing Member shall immediately send Notice of such occurrence, together with an explanation of the circumstances surrounding such occurrence, to the Investor Member.

(o) Bank Accounts. The Managing Member shall establish in the name and on behalf of the Company such bank accounts as shall be required to facilitate the operation of the Company's business. The Company's funds shall not be commingled with any other funds of the Managing Member or any of its Affiliates, including, without limitation, any other limited liability company in which the Managing Member is a managing member. Promptly upon the request of the Investor Member, the Managing Member shall obtain and deliver to the Investor Member full, complete and accurate statements of the amount and status of all Company bank accounts and all withdrawals therefrom and deposits thereto.

(p) Sales Notice to State Agency. If necessary to obtain, maintain or avoid recapture of any LIHTC for the Company, upon written request of an Investor Member, the Managing Member shall, pursuant to Section 42(h)(6) of the Code, submit on behalf of the Company and its Members, and in accordance with the rules and regulations of the Agency, a written request to the Agency (or other applicable housing credit agency) to find a Person to acquire the Project pursuant to a Qualified Contract.

(q) Reserve Fund for Replacements. It shall establish and maintain a segregated replacement reserve, in a lending institution acceptable to the Special Member, to provide for working capital needs, improvements, replacements and any other contingencies of the Company. Upon the making of the first Capital Contribution, \$296,727 shall be deposited into the Replacement Reserve Account which represents the amount of the existing replacement reserve acquired by the Company in connection with the acquisition of the Project. Subject to Special Member Consent, \$296,727 shall be used for rehabilitation costs of the Project. Commencing on the year that Final Closing occurs, the Managing Member shall ensure that the greater of \$338 per unit per year or the amount required by RD to be deposited (currently \$400 per unit per year) from the Company's gross operating revenues be deposited into the Reserve Fund for Replacements ("Ongoing Amount"). Thereafter, the Managing Member shall, each year, further fund the Reserve Fund for Replacement with an additional amount equal to the Ongoing Amount. Withdrawals from the Reserve Fund for Replacements shall require the Consent and signature of the Investor Member or Special Member. The Managing Member shall not increase the amount in the Reserve Fund for Replacements materially above the amount required to be maintained by this Section 4.02(q) without the Consent of the Investor Member, which Consent shall not be unreasonably withheld. Notwithstanding anything to the contrary in this Section 4.02(q), however, the amount of the Reserve Fund for Replacements shall be increased if necessary to satisfy the requirements of any Project Lender, except the Sponsor, or any Authority having jurisdiction over the Project.

(r) Operating Reserves. In addition to the requirements of Section 4.02 (q), in order to meet operating expenses of the Company which exceed operating income available for the payment thereof, the Managing Member shall cause the Company to deposit an initial amount of \$110,000 (or such greater amount as may be required by the Project Lenders) into a segregated reserve account in a lending institution acceptable to the Special Investor Member (the "Operating Reserve") to fund operating expenses and debt service in excess of operating revenues and to pay any Unpaid Fee, as that term is defined in Paragraph 5.01(b) hereof. The Operating Reserve shall be funded on or before the seventh Capital Contribution from the proceeds of such Capital Contribution and/or the proceeds of the Project Loans; provided, however, that if there are insufficient funds from the aforementioned sources, the Managing Member shall be required to fund the Operating Reserve. Disbursements from the Operating Reserve for the aforementioned purposes shall constitute MM Loans by the Managing Member only to the extent of amounts funded by it into the Operating Reserve pursuant to the previous sentence. If there is a delay in the payment of the seventh Capital Contribution due to the fault of the Investor Member ("Delayed Operating Reserve Payment"), the unpaid portion of the Capital Contribution attributable to the Operating Reserve shall bear interest at the rate of 1.5% per annum, and such unpaid portion, including any accrued interest, will be paid no later than 24 months after payment of the remaining

portion of seventh Capital Contribution. If the Delayed Operating Reserve Payment is necessary to pay guaranty or other obligations hereunder, Investor Member shall disburse such payment and fully fund the Operating Reserve. Additionally, the Managing Member shall cause the Company to deposit into the Operating Reserve amounts sufficient to maintain a balance of \$110,000 from Net Cash Flow, as set forth in Section 11.03(b) hereof. Withdrawals from the Operating Reserve shall require the prior approval of the Special Member.

(s) Lease-Up Reserve. At the time of the fourth Capital Contribution the Managing Member shall establish and cause the Company to fund and maintain a lease-up reserve (the "Lease-Up Reserve") in the name of the Company and maintained in a segregated Company account established for this purpose. The amount of the Lease-Up Reserve shall be \$10,000 and shall be fully funded by the proceeds of the fourth Capital Contribution. Withdrawals from the Lease-up Reserve account shall require the Consent and signature of the Investor Member. At such time as the Project Property shall have achieved and maintained for a period of at least six months at least 93% occupancy (measured by both physical occupancy and "paid" occupancy based upon the then current rents for apartment units), any unused portion of the Lease-Up Reserve be used to pay for construction costs or deferred Development Fee.

(t) Pre-Development Activities. The Managing Member shall be specifically and solely responsible for the following duties:

- (1) Analyzing the Qualified Allocation Plan ("QAP") for targeted areas within a state.
- (2) Identifying potential land sites.
- (3) Analyzing the demographics of potential sites.
- (4) Analyzing a site's economy and forecast future growth potential.
- (5) Determining the site's zoning status and possible rezoning actions.
- (6) Contacting local government officials concerning access to utilities, public transportation, impact fees and local ordinances.
- (7) Performing environmental tests on selected sites.
- (8) Negotiating the purchase of the land upon which the Project is located and its related financing.
- (9) Performing any other duties or activities relating to the acquisition of the land upon which the Project is located.

(u) The parties acknowledge that the Tax Cut and Jobs Act of 2017 (the “Act”) has become law. Notwithstanding the foregoing, the Members agree to work together to make appropriate elections and tax return reporting choices to avoid reducing the Investor Member’s expected benefits from being a member of the Company. In this regard and without limiting the foregoing, the Managing Member agrees that unless directed otherwise by the Investor Member, the Company shall make the election under Code Section 163(j)(7)(B) as provided in the Act to be an Electing Real Property Trade or Business. In addition, if directed by the Investor Member, the Managing Member shall elect out of bonus depreciation allowed under Section 167(k) on one or more classes of property for one or more years or if allowable, elect less than the maximum amount of bonus depreciation.

4.03 Single Purpose Entity. The Managing Member shall engage in no other business or activity other than that of being the Managing Member of the Company. The Managing Member was formed exclusively for the purpose of acting as the Managing Member of the Company and has never engaged in any other activity, business or endeavor. As of the date of this Agreement, the Managing Member has no liabilities or indebtedness other than its liability for the debts of the Company, and the Managing Member shall not incur any indebtedness other than its liability for the debts of the Company. If the Managing Member determines it needs additional funds for any purpose, it shall obtain such funds solely from capital contributions from its shareholders or members. The Managing Member has observed and shall continue to observe all necessary or appropriate corporate formalities in the conduct of its business. The Managing Member shall keep its books and records separate and distinct from those of its shareholders, members and affiliates. The Managing Member shall clearly identify itself as a legal entity separate and distinct from its shareholders, members and its affiliates in all dealings with other Persons. The Managing Member has been adequately capitalized for the purposes of conducting its business and will not make distributions at a time when it would have unreasonably small capital for the continued conduct of its business.

ARTICLE V
MEMBERS, MEMBERSHIP INTERESTS
AND OBLIGATIONS OF THE COMPANY.

5.01 Members; Capital Contributions; Membership Interests.

(a) Managing Member Contribution. The Managing Member, its principal address or place of business, its Capital Contribution and its Percentage Interest are as follows:

- (i) Name and Address:
Essex Manor Management, L.L.C., a Virginia limited liability company
1173 West Main Street
Abingdon, VA

(ii) Capital Contribution: \$100, plus all of its rights, title and interest in, to and under all agreements, licenses, approvals, permits, LIHTC applications and allocations and any other tangible or intangible personal property which is related to the Project or which is required to permit the Company to pursue its business and carry out its purposes as contemplated in this Agreement.

(iii) Percentage Interest: 0.009%

(b) Managing Member's Special Capital Contribution. In the event that the Company has not paid all or part of the amounts due under the Development Agreement ("Unpaid Fee") on or before the earlier of (i) the thirteenth (13th) anniversary of placement in service of the Project, or (ii) the date required under the Development Agreement, the Managing Member shall contribute to the Company an amount equal to any such Unpaid Fee (the "Managing Member's Special Capital Contribution") and the Company shall thereupon make a payment in an equal amount to the Unpaid Fee; provided, however, that prior to the making of the Managing Member's Special Capital Contribution, funds in the Operating Reserve may be used to pay the Unpaid Fee, subject to approval by the Investor Member, and after application of the approved portion of the Operating Reserve, any remaining Unpaid Fee shall be paid using the Managing Member's Special Capital Contribution.

(c) Investor Members. The Investor Member and the Special Member, respectively, their principal officer and places of business and Percentage Interests are as follows:

(i) The Investor Member, its principal office and place of business, and its Percentage Interest are as follows:

Housing Equity Fund of Virginia XXI, L.L.C. 1840 West Broad Street, Suite 200 Richmond, Virginia 23220	Capital Contribution of the Investor Member 99.99% as increased for purposes of the Company's books of account by the amount of the Capitalized Bridge Loan Interest allocable to the Investor Member, also as set forth in subparagraph (d) immediately below
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(ii) The Special Member, its principal office and place of business, its Percentage Interest and its Capital Contribution are as follows:

VAHM, LLC	\$10.00	0.001%
1840 West Broad Street, Suite 200 Richmond, Virginia 23220		

(d) Investor Member Capital Contributions. Subject to the provisions of this Agreement, including, without limitation, the provisions of Sections 5.01(e) and 5.03, the Investor Member shall be obligated to make Capital Contributions to the Company in the amount of \$1,758,985 payable in installments as follows. However, in addition to such Contributions, the

Capital Contributions of the Investor Members shall be deemed to include, and their respective Capital Accounts shall so reflect, each Investor Member's allocable share of Capitalized Bridge Loan Interest as determined by the Company's Accountants in consultation with each Investor Member.

(i) First Capital Contribution. The amount of the first Capital Contribution shall be Two Hundred Fifty Thousand and No/100 Dollars (\$250,000). After satisfaction of all of the conditions set forth below, and review and approval of the items described below, the Investor Member shall make the first Capital Contribution. A portion of the first Capital Contribution in the amount of \$35,000 shall be used to pay the Investor Member's Due Diligence Costs and an additional portion of the first Capital Contribution shall be used to pay for approved costs of the Development of the Project and a portion of the Development Fee in the projected amount of \$50,000.

- (A) Title Policy. The Title Company shall have issued the Company's title policy in an amount equal to the acquisition and development cost of the Project, showing the Company as owner of fee simple title to the Land and subject to only such exceptions as are acceptable to the Investor Member, and containing fairways, non-imputation, zoning, survey, access, tax parcel and such other endorsements as the Investor Member may require;
- (B) Environmental Matters. The Investor Member shall have received a report satisfactory to the Investor Member confirming no material adverse environmental conditions, including, without limitation, evidence that radon gas is not present in any of the apartment units at a level above the recommended permitted safe level as determined by the Environmental Protection Agency or any other applicable governmental authority;
- (C) Legal Opinion. The Investor Member shall have received a legal opinion as set forth in Section 5.04;
- (D) Permanent Financing. The Investor Member shall have received copies of all commitment letters or agreements from all of the Company's anticipated financing sources, in form and substance acceptable to the Investor Member, necessary to meet the Company's financial needs for the Project.
- (E) Survey. The Investor Member shall have received and approved an ALTA Survey, dated no more than ninety (90) days prior to the date of funding;
- (F) Plans and Specifications. The Investor Member shall have received and approved Plans and Specifications for the Project;

- (G) Permits. The Investor Member shall have received a copy of all permits and licenses required for the construction and rehabilitation of the Project, issued by the appropriate governmental authorities;
- (H) Construction Financing. Evidence that all construction financing proceeds are available, including copies of all executed construction financing documents;
- (I) Credits. Evidence from the Agency that the Project will qualify for annual LIHTC of at least \$191,194;
- (J) Construction Contract. The general construction contract, in form and substance acceptable to the Investor Member and with a fixed price or maximum upset price acceptable to the Investor Member, and with a general contractor reasonably acceptable to the Investor Member;
- (K) Financials. Current financial statements of the Developer, verification of background information to be provided to the Investor Member by the Managing Member and there having been no changes in the tax laws or treasury regulations or pronouncements or interpretations of existing tax issues that would materially and adversely affect the Investor Member's investment in the Company;
- (L) USDA Financing and Related Matters. Copies of the loan documents evidencing (1) the assumption of the existing USDA debt terms acceptable to the Investor Member, (2) the assumption of the Rental Assistance Agreement, (3) the continuation of the USDA Rural Development interest credit on the existing USDA debt, and (4) the acquisition of the funds held in the replacement reserve for the existing USDA debt; and
- (M) Other Documentation. The Investor Member shall have received such other documentation as it may reasonably request to satisfy its due diligence requirements including, without limitation, (i) those documents listed on the Investor Member's closing checklist, a copy of which has been previously delivered to the Managing Member; and (ii) such additional items requested by the Investor Member to otherwise verify the accuracy of the representations and warranties and compliance with the covenants, duties and obligations set forth in Article IV.

(ii) Second Capital Contribution. The amount of the second Capital Contribution shall be Two Hundred Fifteen Thousand and No/100 Dollars (\$215,000). After satisfaction of all of the conditions set forth below, and review and approval by the Investor Member of the items described below, the Investor Member shall make the second Capital Contribution in the amount requested by the Managing Member in the manner set forth below to repay the Construction Loan and then to pay the cost of rehabilitation of the Project.

- (A) First Capital Contribution Paid. The occurrence of the Investor Member's first Capital Contribution;
- (B) Sworn Statements. The Investor Member shall have received a written request for an advance from the Managing Member in form satisfactory to the Investor Member, accompanied by current owner's and contractor's sworn statements;
- (C) Managing Member's Certificate. The Investor Member shall have received a certificate from the Managing Member that the representations, warranties and covenants in Sections 4.01 and 4.02 are true and accurate as of the date of the proposed Second Capital Contribution, and that the Managing Member and the Company are not in default of any of their obligations hereunder and under the Project Documents as of the date of the proposed Second Capital Contribution;
- (D) Physical Inspection. A construction consultant selected by the Investor Member shall have prepared a physical inspection report and certified that the amount requested by the Managing Member is in accordance with the labor and materials in place and showing at least 25% completion of the Project;
- (E) Title Policy. The Title Company shall have issued: (1) a "date down" endorsement to the title policy extending the effective date of the title policy to the date of funding and showing no exceptions to the title other than the exceptions reflected on the title policy as of Initial Closing, except as shall be acceptable to the Investor Member; (2) an endorsement affording mechanics lien coverage; and (3) such other endorsements as the Investor Member may reasonably require;
- (F) DHCD Loan Commitment. Issuance of the DHCD Loan Commitment and payment of the DHCD loan fees all upon terms and conditions acceptable to the Investor Member; and
- (G) Other Documentation. The Investor Member shall have received such other documentation as it may reasonably request to verify the accuracy of the representations and warranties and compliance with the covenants, duties and obligations set forth in Article IV and the Post Closing Obligations, if any, as set forth on **Exhibit K** attached hereto.

(iii) Third Capital Contribution. The amount of the third Capital Contribution shall be Two Hundred Fifteen Thousand and No/100 Dollars (\$215,000). After satisfaction of all of the conditions set forth below, and review and approval by the Investor Member of the items described below, the Investor Member shall make the third Capital Contribution in the amount requested by the Managing Member in the manner set forth below, to repay the Construction Loan and then to pay the cost of rehabilitation of the Project.

- (A) Second Capital Contribution Paid. The occurrence of the Investor Member's second Capital Contribution;
- (B) Sworn Statements. The Investor Member shall have received a written request for an advance from the Managing Member in form satisfactory to the Investor Member, accompanied by current owner's and contractor's sworn statements;
- (C) Managing Member's Certificate. The Investor Member shall have received a certificate from the Managing Member that the representations, warranties and covenants in Sections 4.01 and 4.02 are true and accurate as of the date of the proposed Second Capital Contribution, and that the Managing Member and the Company are not in default of any of their obligations hereunder and under the Project Documents as of the date of the proposed third Capital Contribution;
- (D) Physical Inspection. A construction consultant selected by the Investor Member shall have prepared a physical inspection report and certified that the amount requested by the Managing Member is in accordance with the labor and materials in place and showing at least 50% completion of the Project;
- (E) Title Policy. The Title Company shall have issued: (1) a "date down" endorsement to the title policy extending the effective date of the title policy to the date of funding and showing no exceptions to the title other than the exceptions reflected on the title policy as of Initial Closing, except as shall be acceptable to the Investor Member; (2) an endorsement affording mechanics lien coverage; and (3) such other endorsements as the Investor Member may reasonably require;
- (F) Rehabilitation Expenditures. Evidence that the Project has achieved or will achieve no later than December 31, 2020, rehabilitation expenditures for each building in an amount not less than the greater of: (a) 20% of the adjusted basis of such building; or (b) \$7,000 per Low-Income Unit in such building; and
- (G) Other Documentation. The Investor Member shall have received such other documentation as it may reasonably request to verify the accuracy of the representations and warranties and compliance with the covenants, duties and obligations set forth in Article IV and the Post Closing Obligations, if any, as set forth on **Exhibit K** attached hereto.

(iv) Fourth Capital Contribution. The amount of the fourth Capital Contribution shall be Two Hundred Fifteen Thousand and No/100 Dollars (\$215,000). After satisfaction of all of the conditions set forth below, and review and approval by the Investor Member of the items described below, the Investor Member shall make the Fourth Capital Contribution in the amount requested by the Managing Member in the manner set forth below, to repay the Construction Loan, to fund the Lease up Reserve in the amount of \$10,000 and then to pay the cost of rehabilitation of the Project.

- (A) Third Capital Contribution Paid. The occurrence of the Investor Member's third Capital Contribution;
 - (B) Sworn Statements. The Investor Member shall have received a written request for an advance from the Managing Member in form satisfactory to the Investor Member, accompanied by current owner's and contractor's sworn statements;
 - (C) Managing Member's Certificate. The Investor Member shall have received a certificate from the Managing Member that the representations, warranties and covenants in Sections 4.01 and 4.02 are true and accurate as of the date of the proposed Fourth Capital Contribution, that the Managing Member and the Company are not in default of any of their obligations hereunder and under the Project Documents as of the date of the proposed fourth Capital Contribution;
 - (D) Physical Inspection. A construction consultant selected by the Investor Member shall have prepared a physical inspection report and certified that the amount requested by the Managing Member is in accordance with the labor and materials in place and showing at least 75% completion of the Project;
 - (E) Title Policy. The Title Company shall have issued: (1) a "date down" endorsement to the title policy extending the effective date of the title policy to the date of funding and showing no exceptions to the title other than the exceptions reflected on the title policy as of Initial Closing, except as shall be acceptable to the Investor Member; (2) an endorsement affording mechanics lien coverage; and (3) such other endorsements as the Investor Member may reasonably require; and
 - (F) Other Documentation. The Investor Member shall have received such other documentation as it may reasonably request to verify the accuracy of the representations and warranties and compliance with the covenants, duties and obligations set forth in Article IV and the Post Closing Obligations, if any, as set forth on **Exhibit K** attached hereto.
- (v) Fifth Capital Contribution. The amount of the fifth Capital Contribution shall be Six Hundred Fifty Three Thousand Nine Hundred Eighty Five and No/100 Dollars (\$653,985.00). After satisfaction of all of the conditions set forth below, and review and approval by the Investor Member of the items described below, the Investor Member shall make the fifth Capital Contribution in the amount requested by the Managing Member in the manner set forth below, to repay the Construction Loan, then to pay for the cost of rehabilitation of the Project and then to pay a portion of the Development Fee in the projected amount of \$190,263.
- (A) Fourth Capital Contribution Paid. The occurrence of the Investor Member's fourth Capital Contribution;

- (B) DHCD HOME Loan. Executed copies of the documents relating to the DHCD HOME Loan, in a form acceptable to the Investor Member, and the Company shall have received the funding of such Loans as described in **Exhibit F**
- (C) Final Closing. Simultaneously with Final Closing, provided that the Investor Member has received fifteen (15) days' prior written notice of the date of Final Closing, and has received copies of any loan documents (including loan riders) executed in connection with the permanent financing that have not been previously delivered to the Investor Member;
- (D) Substantial Completion. Substantial Completion of the Project shall have occurred;
- (E) Survey. The Investor Member shall have received and approved an updated and recertified as-built survey satisfactory to the Investor Member dated no more than thirty (30) days prior to the date of funding;
- (F) As Built Plans and Specifications. The Managing Member shall have submitted to the Investor Member a written document executed by the Managing Member, the architect and the Contractor certifying no material change to the "for-construction" Plans and Specifications previously approved by the Project Lenders and Investor Member;
- (G) Permits, Licenses and Certificates of Occupancy. The Investor Member shall have received a copy of any permits and licenses which are required for the operation and use of the Project and a copy of the final and unconditional certificate or certificates of occupancy, or the equivalent, issued by the appropriate governmental authorities for the Project in its entirety;
- (H) Cost Certification. Receipt of a draft cost certification of Eligible Basis (as defined in Code Section 42(d)) for the Project prepared by the Accountants;
- (I) Managing Member Certificate. Receipt of a certificate from the Managing Member that (1) the representations, warranties and covenants in Sections 4.01 and 4.02 continue to be true and accurate through the date of the proposed Fifth Capital Contribution and (2) the Company and the Managing Member are not in default of any of their obligations with respect to the Company or the Project at such time;
- (J) Legal Opinion. The Investor Member shall have received an update of the legal opinion previously delivered to the Investor Member in connection with its making the Initial Capital Contribution;
- (K) Evidence of Applicable Fraction. The Investor Member shall have received satisfactory evidence that the Applicable Fraction (as defined in Code Section

42(c)(1)(B)) for the Project equals or exceeds forty percent (40%) determined as of the date of the proposed Third Capital Contribution;

- (L) Architect's Certificate. The Managing Member shall have delivered to the Investor Member an architect's certificate of substantial completion in the form requested by the Investor Member;
- (M) Payment of Taxes. The Investor Member shall have received satisfactory evidence (which may be included in the title policy described in subparagraph (O) immediately below) that all real property taxes and assessments for the Project due and payable through the date of funding have been timely and fully paid;
- (N) Title Policy. The Title Company shall have issued a final date down endorsement to the title policy extending the date of the title policy through the date of final funding of the Project Loans and the Third Capital Contribution and showing no exceptions to title other than those exceptions reflected on the title policy as of Initial Closing and other exceptions as may be acceptable to the Investor Member;
- (O) Managing Member Elections. The Managing Member will provide evidence that it has made the election to be taxable under Code Section 168(h)(6)(F)(ii) and that such election was effective prior to placement in service of the Project. The Managing Member will also provide evidence that it has filed Form 8832 with the IRS electing to be taxed as a corporation and that such election was effective prior to placement in service of the Project; and
- (P) Other Documentation. The Investor Member shall have received such other documentation as it may reasonably request to verify the accuracy of the representations and warranties and compliance with the covenants, duties and obligations set forth in Article IV and the Post Closing Obligations, if any, as set forth on **Exhibit K** attached hereto.

Amounts disbursed pursuant to Sections 5.01(d)(i) through (v), and to the extent necessary to pay for the costs of construction or rehabilitation, any amount under Section 5.01(d)(vi), shall be disbursed through an escrow agreement in form and substance satisfactory to the Investor Member. All investment earnings on the Investor Member's Capital Contributions disbursed through an escrow shall inure to the benefit and belong to the Investor Member.

(vi) Sixth Capital Contribution. The amount of the sixth Capital Contribution shall be One Hundred Thousand and No/100 Dollars (\$100,000). After satisfaction of all of the conditions set forth below, and review and approval by the Investor Member of the items described below, the Investor Member shall make the sixth Capital Contribution in the amount requested by the Managing Member in the manner set forth below, to pay a portion of the Development Fee in the projected amount of \$100,000. Notwithstanding, the foregoing, \$10,000 of the Developer Fee shall be withheld until the Project has achieved at least six (6) months of Breakeven Operations.

- (A) Fifth Capital Contribution Paid. The occurrence of the Investor Member's fifth Capital Contribution;
- (B) Qualified Occupancy. Achievement of occupancy of one hundred percent (100%) of the residential units in the Project by Qualified Tenants, and the Managing Member, if requested by the Investor Member, shall demonstrate such occupancy by submitting to the Investor Member certified rent rolls and tenant qualification forms that confirm that such tenants qualify under Section 42 of the Code;
- (C) Breakeven Operation. The last day of the month following the month in which Breakeven Operations occurs (with the Project having achieved at least 95% physical and economic occupancy for consecutive six month period in which Breakeven Operations has been achieved); provided, however, if Breakeven Operations has been met for three consecutive months, then Investor Member will release all of the sixth Capital Contribution targeted to pay a portion of the Development Fee, except for \$10,000 which hold back will be released to pay the Development Fee upon the achievement of six consecutive months of Breakeven Operations;
- (D) Managing Member Certificate. The Investor Member shall have received a certificate from the Managing Member that (1) the representations, warranties and covenants in Sections 4.01 and 4.02 are true and accurate as of the date of the proposed Sixth Capital Contribution and (2) the Company and the Managing Member are not in default of any of their obligations with respect to the Company or Project at such time;
- (E) Company Tax Return. The Investor Member shall have received a complete copy of the Company's 2018 and 2019 tax returns, if not previously delivered;
- (F) Other Documentation. The Investor Member shall have received such other documentation as it may reasonably request to verify the accuracy of the representations and warranties and compliance with the covenants, duties and obligations set forth in Article IV;
- (G) Cost Certification. Receipt of an audited cost certification of Eligible Basis (as defined in Code Section 42(d)) for the Project prepared by the Accountants;
- (H) 8609's. Receipt of the Form(s) 8609 for the entire Project executed by the Agency;
- (I) Environmental Matters. The Managing Member shall have provided the Investor Member evidence that the construction of the Project did not result in the filling or disturbance of any wetlands and that any actions recommended to be taken which were contained in any environmental assessment reports prepared in conjunction with the development of the Project have been appropriately completed in a manner

that fully complies with such recommendations and all laws, regulations, ordinances, orders or decrees pertaining to environmental matters; and

- (J) Other Documentation. The Investor Member shall have received such other documentation as it may reasonably request to verify the accuracy of the representations and warranties and compliance with the covenants, duties and obligations set forth in Article IV and the Post Closing Obligations, if any, as set forth in **Exhibit K** attached hereto.

(vii) Seventh Capital Contribution. The amount of the seventh Capital Contribution shall be One Hundred Ten Thousand and No/100 Dollars (\$110,000.00). After satisfaction of all of the conditions set forth below, and review and approval by the Investor Member of the items described below, the Investor Member shall make the seventh Capital Contribution in the amount requested by the Managing Member in the manner set forth below, to set up the Operating Reserve. Notwithstanding the foregoing, this seventh Capital Contribution shall be made within twenty-four (24) months of the date the Project is eligible to receive the final \$10,000 of the sixth Capital Contribution. Any amounts not deposited immediately upon the Investor Member's review and approval of the items described below will accrue interest at 1.5% per annum to be paid to the Company by the Investor Member. If the Members determine there is a need for the Operating Reserve within the aforementioned twenty-four (24) month period, the Investor Member may release this seventh Capital Contribution to the Company.

- (A) Sixth Capital Contribution Paid. The occurrence of the Investor Member's sixth Capital Contribution; and
- (B) Other Documentation. The Investor Member shall have received such other documentation as it may reasonably request to verify the accuracy of the representations and warranties and compliance with the covenants, duties and obligations set forth in Article IV and the Post Closing obligation, if any, as set forth in **Exhibit K** attached hereto.

(viii) Investor Member's Special Additional Capital Contributions. If, in any fiscal year of the Company, the Investor Member's Capital Account balance may be reduced to or below zero, the Investor Member may, in its sole and absolute discretion, make a Special Additional Capital Contribution to the Company, in an amount reasonably required to avoid the reduction of the Investor Member's Capital Account balance to or below zero. If the Investor Member makes a Special Additional Capital Contribution to the Company pursuant to this paragraph, the Investor Member shall receive a guaranteed payment pursuant to Section 5.06 for the use of its Special Additional Capital Contribution. Whenever the Investor Member makes a Special Additional Capital Contribution to the Company pursuant to this paragraph, the Managing Member shall have the option, in its sole and absolute discretion, to make Special Additional Capital Contributions to the Company, up to the same amount and on the same terms in the aggregate as the Special Additional Capital Contribution made by the Investor Member at that time.

(e) Adjustment to Capital Contributions of Investor Member. Following determination of Certified Credits, the Accountants shall make a determination as to whether there is a Downward Capital Adjustment. If events subsequent to such determination result in a decrease in the Capital Contributions of the Investor Member due to a Late Delivery Capital Adjustment, then the Accountants shall recalculate the Downward Capital Adjustment to take into account such Late Delivery Capital Adjustment. Following the determination of a Downward Capital Adjustment and/or a Late Delivery Capital Adjustment, the Managing Member or the Company, as appropriate, shall make payments as required under Section 5.01(e)(ii).

(i) The following definitions shall apply for purposes of determining adjustments to Capital Contributions:

- A. "Certified Credit Capital Adjustment" shall equal the product of (A) Certified Credits for the Credit Period (excluding any LIHTC resulting from an increase in qualified basis under Code Section 42(f)(3)), minus \$191,194, times (B) \$0.9200 and (C) times ten (10). The Certified Credit Capital Adjustment may be a positive or negative number.
- B. "Certified Credit Capital Decrease" means a negative Certified Credit Capital Adjustment.
- C. "Certified Credit Capital Increase" means a positive Certified Credit Capital Adjustment.
- D. "Downward Capital Adjustment" shall mean the following: (A) if either there is a Certified Credit Capital Decrease or if the Certified Credit Capital Adjustment is zero, then the Certified Credit Capital Decrease plus the Late Delivery Capital Adjustment; or (B) if there is a Certified Credit Capital Increase, the positive amount, if any, by which the Late Delivery Capital Adjustment exceeds the Certified Credit Capital Increase.
- E. "Late Delivery Capital Adjustment" shall mean for calendar year 2019 the amount, if any, by which \$35,052 and for calendar year 2020 the amount, if any by which \$184,821 exceeds Actual Credits for each such respective year.
- F. "Early Delivery Capital Adjustment" shall mean the product of (a) \$0.5000 and (b) the amount, if any, by which Actual Credits for calendar year 2019 exceed \$35,052 (but in no event shall the total Early Delivery Capital Adjustment exceed \$10,000); provided, however, that if the Project does not achieve 100% Qualified Occupancy by March 31, 2020 then the Investor Member shall not be obligated to make an Early Delivery Capital Adjustment despite the delivery of Actual Credit as described herein

(ii) If there is a Downward Capital Adjustment, then the Capital Contributions of the Investor Member shall be immediately reduced by the Downward Capital Adjustment. The Downward Capital Adjustment shall first reduce the fourth Capital Contribution (if it has not previously been funded), and then to the extent necessary, the fifth Capital Contribution, and then to the extent necessary, the remaining Capital Contributions. If the Downward Capital Adjustment exceeds the total of all unfunded Capital Contributions (prior to the reduction under this provision), then the Managing Member shall make a payment immediately to the Company equal to the amount of such excess, and the Company shall immediately distribute such amount to the Investor Member as a return of its Capital Contributions. Such payment by the Managing Member shall constitute a non-reimbursable funding by it of Excess Development Costs and shall not give rise to any right as a loan or Capital Contribution or result in any increase in the Capital Account of the Managing Member. In the event that the Managing Member fails to make such payment in full and the Investor Member, in its sole discretion, elects not to exercise its remedies under Sections 5.05 or 6.05, as applicable, any amount not so paid by the Managing Member as required shall be payable out of Net Cash Flow and proceeds of Capital Transactions, as provided under Sections 11.03 and 11.04. Any payment required to be paid to the Investor Member pursuant to the preceding sentence out of Net Cash Flow and the proceeds of Capital Transactions shall be referred to as a "LIHTC Reduction Guaranty Payment". The Early Delivery Capital Adjustment, if applicable, shall be made at the time of the sixth Capital Contribution.

(f) Payment of Investor Member Due Diligence Costs. The Managing Member shall pay the costs and expenses incurred by the Investor Member in connection with the due diligence activities of the Investor Member and the closing of the transactions described herein, including Investor Member's legal fees and expenses, such Investor Member Due Diligence Costs not to exceed \$35,000.

(g) Additional Investor Members. Without the Consent of all of the Members, no additional Persons may be admitted as additional Investor Members and Capital Contributions may be accepted only as and to the extent expressly provided for in this Article V.

(h) Deposit of Capital Contributions. Except as otherwise provided in Section 5.01(d) herein, the cash portion of the Capital Contributions of each Member shall be deposited at the Managing Member's discretion in a checking, savings and/or money market or similar account to be established and maintained in the name of the Company or invested in government securities or certificates of deposit issued by any bank. Thereafter, such amounts shall be utilized for the conduct of the Company business pursuant to the terms of this Agreement.

(i) No Liability for Investor Member or Special Member. Except as may otherwise be provided under applicable law, no Investor Member or Special Member shall be bound by, or personally liable for, the expenses, liabilities or obligations of the Company.

(j) Payment of Environmental Assessment Consultant Fees. The Managing Member acknowledges that, on behalf of the Investor Member, the Investor Member (or its Affiliate) may retain an environmental consultant (the "Environmental Consultant") to review and give recommendations related to environmental reports that are provided to the Investor Member by the Managing Member (including, but not limited to, Phase I and Phase II environmental assessments, wetlands reports, lead and asbestos reports, abatement reports and other environmental reports required by the Environmental Consultant, to the reasonable satisfaction of the Environmental Consultant) for the Land, or the construction and rehabilitation of existing buildings, if the reports indicate the possible presence of hazardous materials on or near the Project or if such reports appear incomplete or inadequate for purposes of making such a determination. The Company shall be solely responsible for the payment of the fees of the Environmental Consultant.

5.02 Return of Capital Contribution. Except as provided in this Agreement, no Member shall be entitled to demand or receive the return of his Capital Contribution.

5.03 Withholding of Capital Contribution Upon Default.

(a) Conditions Giving Rise to Withholding. In the event that (a) the Managing Member, or any successor Managing Member shall not have substantially complied with any material provisions under this Agreement or the operating agreement as to an Affiliated Company, after Notice from the Investor Member of such noncompliance and failure to cure such noncompliance within a period of thirty (30) days from and after the date of such Notice, or (b) any Project Lender shall have declared the Company to be in default under any Project Loan or under any of the mortgage loans as to an Affiliated Company, or (c) foreclosure proceedings shall have been commenced against the Project or against the Project owned by an Affiliated Company, then the Company and the Managing Member shall be in default of this Agreement, and the Investor Member, at its sole election, may cause the withholding of payment of any Capital Contribution otherwise payable to the Company (including while any cure period is in effect).

(b) Release to Company Following Cure. All amounts so withheld by the Investor Member under this Section 5.03 shall be promptly released to the Company only after the Managing Member or the Company has cured the default justifying the withholding, as demonstrated by evidence reasonably acceptable to the Investor Member.

5.04 Legal Opinions. As a condition precedent to the Investor Member's obligation to make its Capital Contributions hereunder, the Investor Member must receive the opinion of Curcio & Curcio, PC, Counsel for the Company and the Managing Member, which opinion shall explicitly state that Applegate & Thorne-Thomsen, P.C. of Chicago, Illinois, counsel to the Investor Member, may explicitly rely upon it, that:

(a) the Company is a duly formed and validly existing limited liability company under the Act, and the Company has full power and authority to own and operate the Project and

to conduct its business hereunder; the Company is duly qualified to transact its business in the Commonwealth of Virginia; the Investor Member has been validly admitted as an Investor Member of the Company entitled to all the benefits of an Investor Member under this Agreement, and the Interest of the Investor Member in the Company is the Interest of an investor member with no personal liability for the obligations of the Company, and the exercise of the rights and remedies of the Investor Member under this Agreement do not constitute participating in the control of the business of the Company;

(b) the Managing Member is duly and validly organized and is validly existing in good standing as a corporation/limited liability company under the laws of the Commonwealth of Virginia, with full power and authority to enter into and perform its obligations hereunder and under the Managing Member Pledge; the Managing Member is duly qualified to transact its business in the Commonwealth of Virginia;

(c) unless otherwise permitted under this Agreement, there is and shall be no direct or indirect personal liability of the Company or of any of the Members or their Affiliates for the repayment of the principal of and payment of interest on any Project Loan, and the sole recourse of the Project Lender, with respect to the principal thereof and interest thereon, shall be to the assets of the Company securing such indebtedness;

(d) execution of this Agreement and the Managing Member Pledge by the Managing Member has been duly and validly authorized by or on behalf of such Managing Member and, having been executed and delivered in accordance with its terms, this Agreement and the Managing Member Pledge constitute the valid and binding agreement of the Managing Member, enforceable in accordance with their respective terms, and execution hereof and thereof by the Managing Member is not in violation of any contract, agreement, charter, bylaw, resolution, judgment, order, decree, law or regulation to which the Managing Member is bound or as to which it is subject;

(e) the Company owns fee simple title to the Project, subject only to the Project Loans, the Mortgages, and such other liens, charges, easements, restrictions and encumbrances as are set forth in the title insurance policy issued to the Company. Such opinion may be based on a review of the title insurance policy issued in accordance with Section 4.01 herein, provided Counsel has no actual knowledge to the contrary;

(f) to the best of its knowledge after due inquiry, there are no defaults existing with respect to any of the Project Documents;

(g) to the best of its knowledge after due inquiry, no event of Bankruptcy has occurred with respect to the Company or the Managing Member; and

(h) the Affiliate Guaranty has been duly executed by the Affiliate Guarantor and constitutes the valid and binding obligation of the Affiliate Guarantor, enforceable in accordance with its terms; and

(i) the Company has received a carryover allocation of LIHTC for the Projected Credits from the Agency, which is the appropriate state of local authority for the jurisdiction in which the Project is located.

In addition, the Investor Member shall have received from counsel to Investor Member an overall tax opinion, addressing all material tax issues and indicating that the financial projections and tax credit calculation contained in the Development Budget appear reasonable and complete.

5.05 Repurchase Obligation.

(a) Conditions for Repurchase. If (i) Final Closing has not occurred by December 31, 2020 (or such later date as may be Consented to by the Investor Member); (ii) the Company has not received State Designation for the remainder of the LIHTC's or the IRS Form(s) 8609 is not issued by the Agency, so as to allow the Credit Period for three (3) buildings to commence in 2019 and the remaining two (2) buildings in 2020; (iii) the Company fails to meet the Minimum Set-Aside Test and the Rent Restriction Test by the close of the first year of the Credit Period or at any time thereafter; (iv) the Company's basis in the Project for federal income tax purposes, as finally determined by the Accountants or pursuant to an audit by the IRS, as of no later than April 26, 2018, shall have been less than ten percent (10%) of the Company's reasonably expected basis in the Project, as required pursuant to Section 42(h)(1)(E) of the Code; (v) an Extended Use Agreement is not in effect before the end of the first year of the Credit Period for three (3) buildings; (vi) the Project has not generated at least 95% of the Projected LIHTC for the year 2019 and 2020, then the Managing Member shall, within fifteen (15) days of the occurrence thereof, send to the Investor Member Notice of such event and of its obligation to purchase the Interest of the Investor Member hereunder and return to the Investor Member its Capital Contributions in the event the Investor Member, in its sole discretion, requires in a Notice to the Managing Member such purchase of the Interest of the Investor Member. Thereafter, the Managing Member, within thirty (30) days of the mailing date of Notice by the Investor Member of such election, shall acquire the entire Interest of the Investor Member in the Company by making payment to the Investor Member, in cash, of an amount equal to the sum of its Capital Contributions, plus interest on such amount at the rate of fourteen percent (14%) per annum, but in no event higher than the highest rate permitted by applicable law.

(b) Upon receipt by the Investor Member of any such payment of its Capital Contributions, the Interest of the Investor Member and all further obligations of the Investor Member hereunder shall terminate, and, to the extent that the Investor Member has acted in accordance with the terms of this Agreement, the Managing Member shall indemnify and hold harmless the Investor Member from any losses, damages, and/or liabilities, to or as a result of claims of Persons other than Members or Affiliates thereof, to which the Investor Member (as a result of its respective participation hereunder) may be subject.

5.06 Guaranteed Payments. No later than ninety (90) days after the end of the Company's fiscal year, any Member who has made a Special Additional Capital Contribution pursuant to Section 5.01(d)(viii) shall receive, as a guaranteed payment for the use of its capital, an amount equal to the annual interest earned by the Company, if any, on such Special Additional Capital Contributions. The Company shall invest any amounts contributed as a Special Additional Capital Contribution as reasonably directed by the contributing Member. Any guaranteed payment due to a Member shall be deemed an expense of the Company for purposes of determining Net Cash Flow. Any guaranteed payment which is not paid when due shall remain a liability of the Company and shall bear interest as set forth above.

5.07 MM Loans.

(a) MM Loans. The Managing Member shall have the right, but not the obligation, after funding all other obligations under this Agreement, including, without limitation, its obligation to fund Excess Development Costs under its Construction Completion Guaranty under Section 8.11(a) or Operating Deficit under its Operating Deficit Guaranty under Section 8.11(b) hereof, to make "MM Loans" pursuant to this Section 5.07(a) to fund Operating Deficits of the Company or to fund other reasonable and necessary obligations of the Company, provided, however, that the Managing Member shall not enter into any such MM Loan with the Company if such MM Loan would cause a reallocation of LIHTC or tax benefits among the Members. MM Loans shall be on the following terms: (i) interest shall accrue on the MM Loans at an annual interest rate of eight percent (8%), compounded annually; (ii) MM Loans shall be repayable solely as set forth in Sections 11.03 and 11.04 of this Agreement.

(b) Documentation of MM Loans. At the request of a Member, which request may be made quarterly, any MM Loan shall be evidenced by a non-negotiable promissory note or notes reflecting any such MM Loans made during the preceding calendar quarter. MM Loans shall be unsecured loans. MM Loans shall not be considered Capital Contributions and shall not increase such Member's Capital Account.

(c) Usury Savings Clause. Notwithstanding anything to the contrary herein or in any note evidencing a MM Loan, in no event shall interest accrue on any MM Loan at a rate in excess of the highest rate permitted by applicable law, and if such designated interest rate should be in excess of such interest rate, the interest rate designated hereunder shall be reduced to the maximum rate of interest permitted by such law.

ARTICLE VI
CHANGES IN MANAGING MEMBERS

6.01 Withdrawal of the Managing Member.

(a) The Managing Member may withdraw from the Company or sell, transfer or assign its Interest as Managing Member only with the prior Consent of the Investor Member,

and of the Agency and the Project Lenders, if required, and only after being given written approval by the necessary parties as provided in Section 6.02, and by the Agency and the Project Lenders, if required, of the Managing Member(s) to be substituted for it or to receive all or part of its Interest as Managing Member.

(b) In the event that a Managing Member withdraws from the Company or sells, transfers or assigns its entire Interest pursuant to Section 6.01(a), it shall be and shall remain liable for all obligations and liabilities incurred by it as Managing Member before such withdrawal, sale, transfer or assignment shall have become effective, but shall be free of any obligation or liability incurred on account of the activities of the Company from and after the time such withdrawal, sale, transfer or assignment shall have become effective.

6.02 Admission of a Successor or Additional Managing Member. A Person shall be admitted as a Managing Member of the Company only if the following terms and conditions are satisfied:

(a) the admission of such Person shall have been Consented to by the Managing Member and the Investor Member, and consented to by the Agency and the Project Lenders, if required;

(b) the successor or additional Person shall have accepted and agreed to be bound by (i) all the terms and provisions of this Agreement by executing a counterpart thereof, (ii) all the terms and provisions of the Loan Agreement and the Project Documents by executing counterparts thereof or an assumption agreement, if requested by the Project Lenders, and (iii) all the terms and provisions of such other documents or instruments as may be required or appropriate in order to effect the admission of such Person as a Managing Member, and a certificate of amendment to the Certificate evidencing the admission of such Person as a Managing Member shall have been filed, and all other actions required by Section 1.07 in connection with such admission shall have been performed;

(c) if the successor or additional Person is a corporation, it shall have provided the Company with evidence satisfactory to counsel for the Company of its authority to become a Managing Member, to do business in the Commonwealth of Virginia and to be bound by the terms and provisions of this Agreement; and

(d) Counsel for the Company shall have rendered an opinion that the admission of the successor or additional Person is in conformity with the Act and that none of the actions taken in connection with the admission of the successor Person will cause the termination or dissolution of the Company or will cause it to be classified other than as a partnership for federal income tax purposes.

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

(a) In the event of the Bankruptcy of a Managing Member or the withdrawal, death or dissolution of a Managing Member, or an adjudication that a Managing Member is incompetent (which term shall include, but not be limited to, insanity) the business of the Company shall be continued by the other Managing Member(s); provided, however, that if the withdrawn, Bankrupt, deceased, dissolved or incompetent Managing Member is then the sole Managing Member, or if such Managing Member withdraws from the Company in contravention of the provisions of Section 6.01(a) of this Agreement, then the Company shall be terminated, unless within ninety (90) days after receiving Notice of such Bankruptcy, withdrawal, death, dissolution or adjudication of incompetence or breach of Section 6.01(a), the Investor Member elects to designate the Special Member or such other entity as the Investor Member may desire as a successor Managing Member and continue the Company upon the conversion of such Special Member to the Managing Member of the Company. Consequences of the removal of the Managing Member shall be determined under Section 6.05 hereof.

(b) Upon the Bankruptcy, death, dissolution or adjudication of incompetence of a Managing Member or breach of Section 6.01(a), such Managing Member shall immediately cease to be a Managing Member and its Interest shall without further action be converted to an Investor Member Interest; provided, however, that, if such Bankrupt, dissolved, incompetent, deceased or defaulted Managing Member is the sole remaining Managing Member, such Managing Member shall cease to be a Managing Member only upon the expiration of ninety (90) days after Notice to the Investor Member of the Bankruptcy, death, dissolution, declaration of incompetence or default of such Managing Member; and provided further that, if such Bankrupt, dissolved, incompetent, deceased or defaulted Managing Member is the sole remaining Managing Member, the converted Company Interest of such replaced Managing Member shall be ratably reduced to the extent necessary to insure that the substitute Managing Member(s) holds a .009% Percentage Interest (as set forth in Section 5.01).

(c) Except as set forth above, such conversion of a Managing Member Interest to an Investor Member Interest shall not affect any rights, obligations or liabilities (including without limitation, any of the Managing Member's obligations under Section 8.11 herein) of the Bankrupt, deceased, dissolved, removed, incompetent or defaulted Managing Member existing prior to the Bankruptcy, death, dissolution, removal, incompetence or default of such person as a Managing Member (whether or not such rights, obligations or liabilities were known or had matured).

(d) If, at the time of the withdrawal, Bankruptcy, death, dissolution, adjudication of incompetence or default under Section 6.01(a) of a Managing Member, the Bankrupt, withdrawn, deceased, dissolved, incompetent or defaulted Managing Member was not the sole Managing Member of the Company, the remaining Managing Member or Managing Members shall immediately (i) give Notice to the Investor Members of such Bankruptcy, death, dissolution, adjudication of incompetence or default, and (ii) make such amendments to this Agreement and execute and file such amendments or documents or other instruments as are necessary to reflect the conversion of the Interest of the Bankrupt, deceased, dissolved, incompetent or defaulted Managing Member and his having ceased to be a Managing Member.

The remaining Managing Member or Managing Members are hereby granted an irrevocable power of attorney, coupled with an interest, to execute any or all documents on behalf of the Members and the Company and to file such documents as may be required to effectuate the provisions of this Section 6.03.

6.04 Restrictions on Transfer of Managing Member's Interests. This is an agreement under which applicable law excuses the Investor Member from accepting performance from (i) any Managing Member which is a debtor in a case under the Bankruptcy Code, 11 U.S.C. § 101 et seq., (ii) a trustee of any such debtor, (iii) and/or the assignee of any such debtor or trustee. The Investor Member has entered into this Agreement with the Managing Member in reliance upon the unique knowledge, experience and expertise of the Managing Member, and its officers in the planning and implementation of the acquisition of the Project and in the area of affordable housing and development in general. The foregoing restriction on transfer is based in part on the above factors. The Managing Member expressly agrees that the Investor Member shall not be required to accept performance under this Agreement from any person other than the Managing Member, including, without limitation, any trustee of the Managing Member appointed under the Bankruptcy Code, 11 U.S.C. § 101 et seq., and any assignee of any such trustee.

6.05 Removal of the Managing Member.

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

(i) for (A) any fraud, gross negligence, intentional misconduct, or breach of fiduciary duty, and (B) failure to exercise reasonable care with respect to any material matter in the discharge of its duties and obligations as Managing Member (provided that such violation results in, or is likely to result in, a material detriment to or an impairment of the Project or assets of the Company), or

(ii) upon the occurrence of any of the following:

(A) the Managing Member or the Company shall have violated any material provisions of the Regulatory Agreement, the Extended Use Agreement and/or the Loan Agreement, or any material provisions of any other Project Document or other document required in connection with any Project Loan or any material provisions of a Project Lender and/or Agency requirements applicable to the Project, which violation has not been explicitly waived in writing by the applicable Project Lender or the Agency, as applicable;

(B) the Managing Member or the Company shall have (i) violated any material provision of this Agreement, including, without limitation, any of its guarantees or payment obligations under Sections 5.01(e), 5.05 and/or 8.11, (ii) violated any material provision of applicable

law, or (iii) the representation and warranty contained in Section 4.01(u) are and/or becomes false or inaccurate;

(C) the Managing Member or the Company shall have caused any Project Loan to go into default, which default remains uncured after the expiration of any applicable cure period;

(D) the Managing Member shall have conducted its own affairs or the affairs of the Company in such manner as would:

(1) cause the termination of the Company for federal income tax purposes;

(2) cause the Company to be treated for federal income tax purposes as an association, taxable as a corporation;

(3) in the reasonable opinion of the Investor Member, cause a recapture or reduction in Certified Credits;

(4) violate any federal or state securities laws;

(5) cause the Investor Member to be liable for Company obligations in excess of its Capital Contributions; or

(E) the amount of Actual Credits for any year are, or are projected by the Accountants to be, less than ninety percent (90%) of the Projected Credits for that year; or less than ninety percent (90%) of Certified Credits if Certified Credits have been determined and adjustments to the capital contribution of the Investor Member have been made as may be required under Section 5.01(e);

(F) cause for removal as a managing member of an Affiliated Company shall exist pursuant to the operating agreement of an Affiliated Company;

(G) the Managing Member fails to timely and promptly discharge the Management Agent if at any time cause for such removal exists;

(H) Bankruptcy or similar creditor's action is filed by or against the Company, the Managing Member or any Affiliate Guarantor; or

(I) any default by the Affiliate Guarantor under the Affiliate Guaranty;

(J) failure of the Affiliate Guarantor to maintain a minimum net worth of \$300,000;

(K) failure of the Company to achieve Breakeven Operations within six months of the Company's achievement of 95% occupancy; or

(L) any act or omission by the Managing Member that would substantially reduce tax benefits, or substantially increase tax liabilities, of the Investor Member.

(b) Procedure for Removal. The Investor Member shall give Notice to all Members and to the Project Lenders of its determination that the Managing Member shall be removed. The Managing Member shall have ten (10) days after receipt of such Notice to cure any default or other reason for such removal, in which event it shall remain as Managing Member. If, at the end of ten (10) days, the Managing Member has not cured any default or other reason for such removal, it shall cease to be Managing Member and the powers and authorities conferred on it as Managing Member under this Agreement shall cease and the Interests of such Managing Member shall be transferred to the Special Member or its designee which, without further action, shall become the Managing Member; in such event, upon becoming the Managing Member, such designee shall be bound by all applicable terms and conditions of this Agreement and of the Project Documents.

(c) Managing Member Obligations and Liability Following Removal.

(i) In the event that the Managing Member is removed as aforesaid prior to the Final Closing, it shall be and shall remain liable for all obligations and liabilities incurred by it as Managing Member of the Company before such removal shall become effective, including but not limited to the obligations and liabilities of the Managing Member with respect to its obligations set forth in Section 8.11 of this Agreement; provided however, that if amounts otherwise payable to the Managing Member as fees are applied to meet the obligations of the Managing Member as stated in Sections 5.01, 5.05 and 8.11 of this Agreement, such application shall serve to reduce any such liabilities of the Managing Member or any successor, except for any liability incurred as the result of its negligence, misconduct, fraud or breach of its fiduciary duties as Managing Member of the Company. If the Managing Member is removed as Member of the Company prior to the Final Closing as aforesaid, the Managing Member shall not be entitled to payment of the Incentive Management Fee or other fees which otherwise would have been due and payable under or pursuant to various Sections of this Article VI or Article VII.

(ii) In the event that the Managing Member is removed as aforesaid after the Final Closing, it shall be and shall remain liable for all obligations and liabilities incurred by it as Managing Member of the Company before such removal shall become effective, including but not limited to the Managing Member's obligations and liabilities under Section 8.11(b) of this Agreement; provided, however, that if amounts otherwise payable to the Managing Member or

Affiliates thereof as fees are applied by the Company to pay Operating Deficits, such application shall serve to reduce any such liabilities after the Final Closing, except for any liability incurred as the result of its negligence, misconduct, fraud or breach of its fiduciary duty as Managing Member of the Company. If the Managing Member is removed as Member of the Company at any time after the Final Closing, the Developer or its successor(s) shall continue to be paid subsequent to such removal, in accordance with the terms and conditions of this Agreement, any installments of the Development Fee which would have otherwise been due and payable to it pursuant to Section 8.12 and which are not otherwise being withheld; provided, however, upon any such removal of the Managing Member after the Final Closing, no further installments of the Incentive Management Fee shall be paid which are attributable to any period after such removal.

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

6.06. Construction Lender Requirements.

(a) Notwithstanding anything to the contrary contained in this Agreement, the Members hereby consent to (A) the granting of a security interest in the Company's rights, title and interest in and to the obligation of the Investor Member to make Capital Contributions to the Company pursuant to and in accordance with this Agreement (the "CC Collateral"), to and/or in favor of Virginia Community Capital ("VCC") to secure the obligations of the Company to VCC under the loan documents evidencing, securing and otherwise governing the Construction Loan made by VCC (collectively, as amended from time to time, the "VCC Construction Loan Documents"), (B) the filing of financing statements by or on behalf of VCC, the execution and delivery of one or more pledge and/or security agreements in favor of VCC in the form approved by the Investor Member, and the taking of any and all such other actions as may be required by VCC to perfect its security interest in the CC Collateral, and (C) the exercise by VCC of all of its rights and remedies relating to its perfected security interest in the CC Collateral, under the VCC Construction Loan Documents.

(b) Notwithstanding anything to the contrary contained in this Agreement, the Members hereby consent to (A) the pledge of, and the granting of a security interest in, the Managing Member's Interest and all of the other interests of the Managing Member in the Company (collectively, the "MM Pledged Collateral"), to and/or in favor of VCC to secure the obligations of the Company to VCC under the VCC Construction Loan Documents, (B) the filing of financing statements by or on behalf of VCC, the execution and delivery of one or more pledge and/or security agreements in favor of VCC in the form approved by the Investor Member, and the taking of any and all such other actions as may be required by VCC to perfect its security interest in the MM Pledged Collateral, and (C) the exercise by VCC of all of its rights and remedies

relating to its perfected pledge and security interest in the MM Pledged Collateral, under the VCC Construction Loan Documents. The Members further acknowledge and agree that that such pledge of MM Pledged Collateral shall be senior to the Managing Member Pledge defined in Section 8.19 below.

Notwithstanding anything to the contrary contained in this Agreement, the Members agree and covenant that:

(a) upon and Event of Default under the VCC Construction Loan Documents any exercise by VCC of its rights and remedies as a pledgee and secured creditor resulting in a transfer of title to all or any portion of the MM Pledged Collateral to VCC, VCC's nominee and/or any Person to whom VCC may transfer such MM Pledged Collateral in a secured creditor's sale (each such Person being referred to herein as a "Foreclosure Transferee"), such Foreclosure Transferee shall automatically be admitted as a substitute Managing Member of the Company and recognized as the owner of the MM Pledged Collateral so transferred without the requirement of any consent of the Company or any other Member and the Managing Member shall no longer be entitled to exercise any rights with respect to the MM Pledged Collateral so transferred;

(b) the Managing Member Interest in the Company, whether now or hereafter issued and outstanding, shall be un-certificated and no election has or will be made to have such Interest governed by Article 8 of the Uniform Commercial Code adopted by the Commonwealth of Virginia without the prior written consent of VCC; and

(c) the provisions set forth in this Section 6.06 _may not be amended or restated without the prior written consent of VCC, which consent shall not be unreasonably withheld, delayed or conditioned, and any attempt to do so in violation of the foregoing shall be null and void. Notwithstanding this Section 6.06 shall have no further force and effect, upon the final payment of the Construction Loan.

ARTICLE VII ASSIGNMENT TO THE COMPANY

The Managing Member hereby transfers and assigns to the Company all of its right, title and interest in and to the Project, including the following:

(a) all contracts with architects, contractors and supervising architects with respect to the development of the Project;

(b) all plans, specifications and working drawings, heretofore prepared or obtained in connection with the Project and all governmental approvals obtained, including planning, zoning and building permits;

(c) any and all commitments with respect to the Project Loans and the LIHTC;

- (d) any and all rights under and pursuant to the Project Documents; and
- (c) any other work product related to the Project.

ARTICLE VIII
RIGHTS, OBLIGATIONS AND POWERS
OF THE MANAGING MEMBER

8.01 Management of the Company.

(a) Except as otherwise set forth in this Agreement, the Managing Member, within the authority granted to it under this Agreement, shall have full, complete and exclusive discretion to manage and control the business of the Company for the purposes stated in Article III, shall make all decisions affecting the business of the Company and shall manage and control the affairs of the Company to the best of its ability and use its best efforts to carry out the purpose of the Company. In so doing, the Managing Member shall take all actions necessary or appropriate to protect the interests of the Investor Member, Special Member and of the Company. The Managing Member shall devote such time as is necessary to the affairs of the Company.

(b) Except as otherwise set forth in this Agreement and subject to the applicable Project Lender and/or Agency rules and regulations and the provisions of the Loan Agreement, the Managing Member (acting for and on behalf of the Company), in extension and not in limitation of the rights and powers given by law or by the other provisions of this Agreement, shall, in its sole discretion, have the full and entire right, power and authority in the management of the Company business to do any and all acts and things necessary, proper, convenient or advisable to effectuate the purpose of the Company. In furtherance and not in limitation of the foregoing provisions, the Managing Member is specifically authorized and empowered to execute and deliver, on behalf of the Company, the Loan Agreements, the Regulatory Agreement, the Extended Use Agreement, the Notes, the Mortgages, and the other Project Documents, and to execute any and all other instruments and documents, and amendments thereto provided the Investor Member shall be provided with the opportunity to review and Consent to any such documents prior to their execution by the Managing Member, as shall be required in connection with the Project Loans, including, but not limited to, executing any mortgage, note, contract, building loan agreement, bank resolution and signature card, release, discharge, or any other document or instrument in any way related thereto or necessary or appropriate in connection therewith; provided, however, that copies of all applications for advances of proceeds of the Project Loans shall be provided to the Investor Member prior to the disbursement of any funds pursuant thereto and shall be subject to the Consent of the Investor Member; and provided further that any such applications which provide for the disbursement of funds of the Company in lieu of or in addition to the proceeds of the Project Loans shall be subject to the Consent of the Investor Member. All decisions made for and on behalf of the Company by the Managing Member shall be binding upon the Company. No person dealing with the Managing Member shall be required

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

8.02 Limitations Upon the Authority of the Managing Member.

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

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

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

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

(iv) knowingly rent apartments in the Project such that the Project would not meet the requirements of the Rent Restriction Test or Minimum Set-Aside Test;

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

(vi) execute or deliver any general assignment for the benefit of creditors or file a petition or acquiesce in the filing of a petition for Bankruptcy.

(b) The Managing Member shall not, without the Consent of the Investor Member which Consent shall not be unreasonably withheld, with the parties hereto agreeing and acknowledging that withholding such Consent would be reasonable if the action would likely be inconsistent with preserving the Project as a low-income housing project), have any authority to:

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

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

(iii) borrow in excess of \$10,000.00 in the aggregate at any one time outstanding on the general credit of the Company, except MM Loans and Operating Deficit Loans, and except as and to the extent provided for in an approved budget pursuant to Section 8.20;

(iv) following Final Closing, construct any new or replacement capital improvements on the Project which substantially alter the Project or its use or which are at a cost in excess of \$10,000.00 in a single Company fiscal year, or rebuild the Project with the use of

insurance proceeds, except (a) replacements and remodeling in the ordinary course of business or under emergency conditions, or (b) reconstruction paid for from insurance proceeds, or (c) as and to the extent provided for in an approved budget pursuant to Section 13.03;

(v) acquire any real property in addition to the Project other than easements reasonable and necessary for the operation of the Project;

(vi) following Final Closing, refinance any Project Loan;

(vii) confess a judgment against the Company in excess of \$5,000;

(viii) admit any person as a Managing Member or an Investor Member, or withdraw as Managing Member, except as otherwise set forth in this Agreement;

(ix) do any act in contravention of this Agreement or any other agreement to which Company is a party;

(x) execute or deliver any assignment for the benefit of the creditors of the Company;

(xi) transfer or hypothecate the Managing Member's interest as a Managing Member in the Company, including its interest in Company allocations or distributions, except as otherwise provided in this Agreement;

(xii) dissolve the Company or take any action which would result in dissolution;

(xiii) refinance, prepay or materially modify the terms of any mortgage or long-term liability of the Company, or sell, grant an option to acquire, exchange, mortgage, encumber, pledge or otherwise transfer all or any portion of any interest in the Company or the Company's interest in the Project, or borrow funds or participate in a merger or consolidation with any other entity;

(xiv) change the nature of the business of the Company, or do any act which would make it impossible to carry on the ordinary business of the Company;

(xv) materially change any accounting method or practice of the Company;

(xvi) file a voluntary petition for bankruptcy of the Company;

(xvii) make any expenditure or incur any liability on behalf of the Company in excess of \$10,000.00 which is not identified in the budget provided by the Managing Member to the Investor Member;

(xviii) borrow funds from the Company;

(xix) enter into or materially modify the Construction Contract (or any other construction contract), or agree to any change order under the Construction Contract (or any other construction contract) if any such change order is for \$10,000 or more, or is proposed when the amount of previous change orders plus the proposed change order would exceed \$20,000 (over the life of the Company);

(xx) commingle Company funds or assets with the funds or assets of the Managing Member or any Company or other entity owned or operated by the Managing Member to the Investor Member;

(xxi) possess Company property or assign rights in specific property for other than a business purpose of the Company;

(xxii) take any action which would cause the termination of the Company for federal income tax purposes under Code Section 708;

(xxiii) make, amend or revoke any tax election required of or permitted to be made by the Company under the Code or Regulations, including, without limitation, any election under Section 42 (including an election to treat any year other than 2019 as the first year of the Credit Period for three (3) buildings and 2020 for the remaining buildings for any other tax election affecting the amount, timing, availability or allocation of any LIHTC;

(xxiv) enter into any agreement or take any action without the prior Consent of the Investor Member with respect to any matters for which the prior Consent of the Investor Member is a prerequisite therefore;

(xxv) approve any increase in fees to the Managing Member or any affiliate of the Managing Member;

(xxvi) change in ownership, control or management of the Managing Member;

(xxvii) allow this Agreement to be amended;

(xxviii) invest assets of the Company in (A) investments specifically not contemplated by this Agreement, or (B) in investments other than U.S. Treasury Bills, Notes or Bonds, or bank accounts, money market accounts or certificates of deposit in institutions insured by the Federal Deposit Insurance Corporation. However, investment of such assets may be expanded upon approval by the Investor Member.

8.03 Sale of Project.

(a) Investor Member Request for Sale. Notwithstanding the foregoing Section 8.02, and subject to all Agency regulations then in effect and the receipt of all required approvals and consents of the Project Lenders, and subject further to the extended use requirements applicable pursuant to Section 42(h)(6) of the Code, at any time after the fourteenth (14th) anniversary of the first day of the first taxable year of the applicable LIHTC compliance period the Investor Member may request that the Company do one of the following: (i) sell the Project subject to the Extended Use Agreement (a "Continued Compliance Sale"); or (ii) request that the Agency arrange for the sale of the Project after receipt of a Qualified Contract (a "Compliance Termination Sale").

(b) Continued Compliance Sale. After receipt of a request for a Continued Compliance Sale, the Managing Member shall use its best efforts to find a third party purchaser for the Project and to cause the Company to consummate a sale of the Project subject to the Extended Use Agreement and on terms Consented to by the Investor Member. If such efforts are not successful on terms reasonably satisfactory to the Investor Member within four (4) months, the Investor Member shall have the right thereafter to locate a purchaser for the Project. If the Investor Member locates such a purchaser, the Managing Member shall be given a right of first refusal to purchase the Project on the same terms and conditions as would be applicable to such purchaser. If such right of first refusal is not exercised by the Managing Member within thirty (30) days, then the Managing Member shall be obligated to consent to the sale to such purchaser so long as the purchase price and other terms offered by such purchaser are at least as favorable to the Company as the best offer, if any, located by the Managing Member. If the Investor Member requests that the Compliance Termination Sale be conducted in a manner that would result in the conversion of the Project to a condominium regime of ownership and the sale of individual condominium units, the Managing Member shall use diligent efforts to accomplish such conversion on such terms which are reasonably satisfactory to the Investor Member.

(c) Compliance Termination Sale. After receipt of a request for a Compliance Termination Sale, the Managing Member shall make a request to the Agency to obtain a buyer who is willing to operate the low-income units of the Project as a qualified low-income building and who will submit a Qualified Contract for the Project, and if no Qualified Contract is submitted within one year of the date of the Managing Member's request to the Agency, the Managing Member shall use its best efforts to find a third party purchaser and to cause the Company to consummate a sale of the Project to such purchaser on terms Consented to by the Investor Member and free of the restrictions imposed by the Extended Use Agreement. If such efforts are not successful on terms reasonably satisfactory to the Investor Member within six (6) months, the Investor Member shall have the right thereafter to locate a purchaser for the Project. If the Investor Member locates such a purchaser, the Managing Member shall be given a right of first refusal to purchase the Project on the same terms and conditions as would be applicable to such purchaser. If such right of first refusal is not exercised by the Managing Member within thirty (30) days, then the Managing Member shall be obligated to consent to the sale to such purchaser so long as the purchase price and other terms offered by such purchaser are at least as favorable to the Company as the best offer, if any, located by the Managing Member. If the Investor Member requests that

the Compliance Termination Sale be conducted in a manner that would result in the conversion of the Project to a condominium regime of ownership and the sale of individual condominium units, the Managing Member shall use diligent efforts to accomplish such conversion on such terms which are reasonably satisfactory to the Investor Member.

(d) Managing Member Option. The Managing Member or its designee if it is a qualified non-profit under the terms of Section 42(i)(7) of the Code, shall have the right of first refusal to purchase the Project at the end of the low-income housing tax credit compliance period, in accordance with said Section 42(i) (7) of the Code, for an amount equal to at least the sum of (i) \$1.00, plus (ii) all outstanding debt of the Company, including debt encumbering the Project, plus (iii) the aggregate federal, state and local (if any) income tax liabilities which would be incurred by the Members of the Investor Member as a consequence of such purchase, on the terms set forth in Exhibit L attached hereto.

8.04 Management Purposes. In conducting the business of the Company, the Managing Member shall be bound by the Company's purposes set forth in Article III.

8.05 Delegation of Authority. The Managing Member may delegate all or any of its powers, rights and obligations hereunder, and may appoint, employ, contract or otherwise deal with any Person for the transaction of the business of the Company, which Person may, under supervision of the Managing Member, perform any acts or services for the Company as the Managing Member may approve.

8.06 Managing Member or Affiliates Dealing with Company. The Managing Member or any Affiliates thereof shall have the right to contract or otherwise deal with the Company for the sale of goods or services to the Company in addition to those set forth herein, if (a) compensation paid or promised for such goods or services is reasonable (i.e., at fair market value) and is paid only for goods or services actually furnished to the Company, (b) the goods or services to be furnished shall be reasonable for and necessary to the Company, (c) the fees, terms and conditions of such transaction are at least as favorable to the Company as would be obtainable in an arm's-length transaction, (d) no agent, attorney, accountant or other independent consultant or contractor who also is employed on a full-time basis by the Managing Member or any Affiliate shall be compensated by the Company for his services. Any contract covering such transactions shall be in writing and shall be terminable without penalty on sixty (60) days Notice. Any payment made to the Managing Member or any Affiliate for such goods or services shall be fully disclosed to all Investor Members in the reports required under Section 13.02. Neither the Managing Member nor any Affiliate shall, by the making of lump sum payments to any other Person for disbursement by such other Person, circumvent the provisions of this Section 8.06.

8.07 Other Activities. Except as limited in Section 8.06, Affiliates of the Managing Member may engage in or possess interests in other business ventures of every kind and description for their own account, including, without limitation, serving as general partner of other limited partnerships or the managing member of other limited liability companies which own, either directly or through interests in other companies or partnerships, government assisted housing

developments similar to the Project. Neither the Company nor any of the Members shall have any rights by virtue of this Agreement in or to such other business ventures or to the income or profits derived therefrom.

8.08 Liability for Acts and Omissions. No Managing Member or Affiliate thereof shall be liable, responsible or accountable in damages or otherwise to any of the Members for any act or omission performed or omitted by it in good faith on behalf of the Company and in a manner reasonably believed by it to be within the scope of the authority granted to it by this Agreement and in the best interest of the Company, provided that the protection afforded the Managing Member pursuant to this Section 8.08 shall not apply in the case of negligence, misconduct, fraud or any breach of fiduciary duty as Managing Member with respect to such acts or omissions. Any loss or damage incurred by any Managing Member or Affiliate thereof by reason of any act or omission performed or omitted by it or any of them in good faith on behalf of the Company and in a manner reasonably believed by it to be within the scope of the authority granted by this Agreement and in the best interests of the Company (but not, in any event, any loss or damage incurred by the Managing Member or Affiliate thereof by reason of negligence, misconduct or fraud of the Managing Member or Affiliate thereof, or any breach of fiduciary duty as Managing Member, with respect to such acts or omissions) shall be paid from Company assets (except for reserves) to the extent available (but the Investor Members shall not have any personal liability to the Managing Member or Affiliate(s) thereof under any circumstances on account of any such loss or damage incurred by the Managing Member or Affiliate(s) thereof or on account of the payment thereof).

8.09 Indemnification of Investor Member and the Company. The Managing Member and the Company shall, jointly and severally, indemnify, defend, and save harmless the Investor Member and Special Member from and against any claim, loss, expense, action or damage, including without limitation, reasonable costs and expenses of litigation and appeal (and the reasonable fees and expenses of counsel) asserted against the Investor Member or Special Member based on any act, omission, malfeasance or nonfeasance of the Company or the Managing Member, including without limitation any claim that the Investor Member or Special Member is liable for any indebtedness of the Company and excluding only liability directly caused by the Investor Member or Special Member's gross negligence or bad faith conduct. In addition, the Managing Member and the Company shall, jointly and severally, indemnify, defend, save and hold harmless the Investor Member and Special Member, and their representatives, from and against any and all costs, losses, liabilities, damages, lawsuits, proceedings (whether formal or informal), investigations, judgments, orders, settlements, recoveries, obligations, deficiencies, claims and expenses (whether or not arising out of third party claims), including, without limitation, interest, penalties, attorneys' fees and all amounts paid in investigation, or settlement of any of the foregoing, incurred in connection with or arising out of or resulting from the operations of the Managing Member, the Company or the Project prior to the date of this Agreement.

8.10 Net Worth of Managing Member. The Managing Member shall maintain a minimum net worth in an amount as may be necessary to assure that the Company will be taxed as a partnership, and not as an association taxable as a corporation, for federal income tax purposes.

8.11 Construction of the Project, Construction Cost Overruns, Operating Deficits; Other Managing Member Guarantees.

(a) Construction Completion Guaranty.

(i) The Company has entered into the Construction Contract. The Managing Member shall be responsible for:

(A) achieving completion of construction of the Project on a timely basis in accordance with the Plans and Specifications for the Project, the terms of this Agreement, the Project Documents and all legal requirements;

(B) meeting all requirements for obtaining all necessary unconditional certificate(s) of occupancy for all the apartment units in the Project;

(C) fulfilling all actions required of the Company to assure that the Project satisfies the Minimum Set-Aside Test and the Rent Restriction Test;

(D) causing the making of the Project Loans by the respective Project Lenders; and

(E) achieving Final Closing.

(ii) The Managing Member hereby is obligated to pay all Excess Development Costs; the Company shall have no obligation to pay any Excess Development Costs. Any amounts paid by the Managing Member pursuant to this subsection (a) shall be in the form of a loan to the Company (a "Completion Loan"). Any Completion Loan will be in the following terms: (A) it shall be unsecured; (B) it shall not bear interest; (C) it shall be repayable solely from Net Cash Flow and proceeds of a Capital Transaction at the time and in the amounts set forth in Sections 11.03(b), 11.04 and 12.02(a) of this Agreement; and (D) a Completion Loan shall be fully subordinated to payment of Project Loans, MM Loans, and indebtedness of the Company to all Persons other than Members.

(iii) In the event that the Managing Member shall fail to pay any such Excess Development Costs as required in this Section 8.11(a), an amount not in excess of the total of any remaining unpaid installments of the Development Fee due pursuant to Section 8.12 shall be suspended by the Company until such obligations are met by the Managing Member.

(b) Operating Deficit Guaranty. In the event that, at any time during the period commencing on achievement of Breakeven Operations and ending on the fifteenth

anniversary of such date, an Operating Deficit shall exist, the Managing Member shall provide such funds to the Company as shall be necessary to pay such Operating Deficits. Funds provided after the achievement of Breakeven Operations shall be in the form of a loan to the Company (the "Operating Deficit Loan(s)"). Any Operating Deficit Loan shall be on the following terms: (i) it shall be unsecured; (ii) it shall not bear interest; (iii) it shall be repayable solely from Net Cash Flow and proceeds of a Capital Transaction at the time and in the amounts set forth in Sections 11.03(b), 11.04 and 12.02(a) of this Agreement; and (iv) Operating Deficit Loans shall be fully subordinated to payment of Project Loans, MM Loans, and indebtedness of the Company to all Persons other than Members. In the event that the Managing Member shall fail to make any such Operating Deficit Loan as aforesaid, the Company shall utilize amounts otherwise payable as installments of the Development Fee pursuant to Section 8.12 of this Agreement to meet the obligations of the Managing Member pursuant to this Section 8.11(b). Amounts so utilized shall also constitute payment and satisfaction of installments of the Development Fee and such other fees payable under the aforesaid Section of this Agreement, and the obligation of the Company to make such installment payments pursuant to such Sections, as well as the Investor Member's obligation to make future Capital Contributions, shall be reduced correspondingly. For the purpose of this Section 8.11(b), all expenses shall be paid on a sixty (60) day current basis.

(c) LIHTC Compliance Guaranty. (i) If with respect to any fiscal year of the Company there is a LIHTC Shortfall, the Managing Member shall, within forty-five (45) days following the close of such fiscal year, pay the Investor Member an amount equal to (A) the amount of the LIHTC Shortfall for the fiscal year immediately preceding the payment due date multiplied by \$0.9200, (B) all penalties and interest imposed by the Code and assessed against the Investor Member by the IRS with respect to any LIHTC Shortfall, and (C) an amount sufficient to pay any tax liability owed by the Investor Member resulting from the receipt of the amounts specified in the foregoing clauses (A), (B) and this clause (C) of this Section 8.11(c)(i) (such calculation to be made assuming the Investor Member is subject to the highest federal and state tax rates imposed on corporate tax payers under the Code at that time for the taxable year of the Investor Member in which such payment is taken into income by the Investor Member), together with interest on such amounts at the Prime Rate accruing from such payment due date.

(ii) The Managing Member irrevocably and unconditionally guarantees payments specified in this Section 8.11(c)(ii) to the Investor Member if there is a LIHTC Recapture Event. The payments required by this Section 8.11(c)(ii) shall be the sum of the following amounts: (A) the amount of LIHTC previously allocated to the Investor Member and subsequently disallowed because of such LIHTC Recapture Event multiplied by \$0.9200; (B) the "credit recapture amount" (as defined in Code Section 42(j)(2)) allocated to the Investor Member because of such LIHTC Recapture Event; (C) all penalties and interest imposed by the Code and assessed against the Investor Member by the IRS with respect to such LIHTC Recapture Event; (D) an amount sufficient to pay any tax liability owed by the Investor Member resulting from the receipt of the amounts specified in the foregoing clauses (A), (B), (C) and this clause (D) of this Section 8.11(c)(ii) (such calculation to be made assuming the Investor Member is subject to the highest federal and state tax rate imposed on corporate taxpayers under the Code at that time for the taxable year of the Investor Member in which such payment is taken into income by the Investor Member,

together with interest on such amounts at the Prime Rate accruing from the date the Investor Member remits funds to a taxing authority with respect to a LIHTC Recapture Event; and (E) if the cause of the LIHTC Recapture Event will, in determination of the Investor Member, decrease the maximum amount of LIHTC that will be available to the Company and allocated to the Investor Member during the remainder of the compliance period under Section 42 of the Code, assuming full compliance with Section 42 of the Code, then an amount equal to the total amount of such decrease. The Managing Member shall make such payment to the Investor Member within forty-five (45) days of the LIHTC Recapture Event.

(iii) The LIHTC Compliance Guaranty set forth herein shall not apply to amounts due solely to the transfer by the Investor Member of all or a portion of its Interest in the Company or to changes in the tax law after the date hereof with which the Managing Member is unable to comply despite the exercise of its good faith and reasonable efforts.

(iv) Intentionally Omitted.

(v) Funds provided by the Affiliate Guarantor with respect to the Managing Member's obligations under subparagraphs (i) or (ii) above shall be in the form of a loan to the Company (the "Guarantor LIHTC Compliance Loan"). Any Guarantor LIHTC Compliance Loan shall be on the following terms: (i) it shall be unsecured; (ii) it shall bear no interest; and (iii) it shall be repayable solely from proceeds of a Capital Transaction or liquidation at the time and in the amounts set forth in Sections 11.04 and 12.02(a) of this Agreement. Notwithstanding the foregoing, the Investor Member shall have the authority to treat any guarantee payment made on behalf of the Company by its Managing Member or the Affiliate Guarantor as (i) a capital contribution to the capital of the Company by the Managing Member in the amount of such guarantee payment that is matched with a corresponding upward adjustment to such Managing Member's capital account in the Company or (ii) as a loan (as described above) by the Managing Member in the amount of such guarantee payment, so as to minimize any possible unintended increase in the amount of depreciation and tax credits allocated to the Managing Member; provided that any losses or other deductions, other than depreciation, relating to such capital contribution or loan, shall be allocated to the Managing Member making such guarantee payment.

(d) Project Loan Funding Guaranty. The Managing Member irrevocably and unconditionally guarantees and covenants that the Company shall receive full funding of the Project Loans on or before December 31, 2020, on the terms set forth on **Exhibit F** attached hereto. The Managing Member represents and warrants that the source of funds for the Project Loans do not include, in whole or in part, "federal subsidies" within the meaning of Code Section 42(i) (i.e. the source of funds for the Project Loans does not include, in whole or in part, a "tax-exempt obligation," an obligation the interest on which is exempt from tax under Code Section 103). The Project Loan documents shall contain such other terms as may be Consented to by the Investor Member.

8.12 Development Fee. The Company has entered into a Development Agreement (materially in the form of **Exhibit A** attached hereto) of even date herewith with the Developer for its services in connection with the development and construction of the Project. In consideration for such services, a Development Fee in a total amount equal to \$480,000 shall be payable by the Company, in accordance with the terms of the Development Agreement and Article XI of this Agreement. In no event shall full payment of the Development Fee be later than the termination of the Compliance Period. It is anticipated that \$139,737 of the Development Fee will be deferred and paid pursuant to Article XI.

8.13 Incentive Management Fee. The Company has entered into an Incentive Management Fee Agreement in the form attached hereto as **Exhibit B**, with the Managing Member of even date herewith for its services in managing the business of the Company for the period from the date hereof throughout the term of the Company. In no event shall the Incentive Management Fee be cumulative. Payment of such fee shall be in accordance with any applicable requirements of the Project Lenders.

8.14 Withholding of Fee Payments.

(a) Conditions for Withholding. In the event that (i) the Managing Member or any successor Managing Member shall not have substantially complied with any material provisions under this Agreement, or under the operating agreement with respect to an Affiliated Company, after Notice from the Investor Member of such noncompliance and failure to cure such noncompliance within a period of thirty (30) days from and after the date of such Notice, or (ii) any Project Lender shall have declared the Company to be in default under any Project Loan or under any of the mortgage loans as to an Affiliated Company, or (iii) foreclosure proceedings shall have been commenced against the Project or against an Project owned by the Affiliated Company, then (A) the Managing Member shall be in default of this Agreement, and the Company shall withhold payment of any installment of fees and/or allowance payable pursuant to Sections 4.02(s), 8.12 and/or 8.13 and (B) the Managing Member shall be liable for the Company's payment of any and all installments of the Development Fee payable pursuant to Section 8.12.

(b) Release of Fees. All amounts so withheld by the Company under this Section 8.14 shall be promptly released to the payees thereof only after the Managing Member has cured the default justifying the withholding, as demonstrated by evidence reasonably acceptable to the Investor Member.

8.15 Selection of Management Agent; Terms of Management Agreement. The Company shall engage such person, firm or company as the Managing Member may select, and as the Investor Member may approve, which approval shall not be unreasonably withheld (hereinafter referred to as "Management Agent") to manage the operation of the Project during the rent up period and following Final Closing. The Management Agent must be a VHDA certified Property Manager. The Management Agent shall be paid a management fee subject to the approval of the Agency and/or the Project Lenders, if required, and the Special Member, but in no event will the management fee be greater than 12.33% of gross rental income, subject to increases allowed by

USDA. The contract between the Company and the Management Agent and the management plan for the Project shall be in the form set forth in **Exhibit G**, with such changes acceptable to the Agency and/or the Project Lenders, if required, and reasonably acceptable to the Special Member. Such contract shall provide, among other things, that it shall be cancelable upon thirty (30) days' prior notice from the Company, and that the Management Agent will accrue the management fee to the extent necessary at any time to prevent a default under any Project Loan. Whenever the management agent for the Project is the Managing Member or an Affiliate of the Managing Member, the management agreement shall provide that it is immediately terminable at the election of the Investor Member or Special Member in the event of (a) the removal or withdrawal of the Managing Member, or (b) any material breach of or noncompliance with any provision of this Agreement by the Managing Member or any Affiliate of the Managing Member. Any other agreement entered into by the Company and any Managing Member or any Affiliate thereof shall specifically provide that such agreement shall be immediately terminable at the election of the Investor Member or Special Member if the Managing Member is removed or withdraws. Hunt & Associates Elderly Housing Corporation is approved by the parties hereto as the initial Management Agent.

8.16 Removal of the Management Agent. The Managing Member:

(a) may, upon receiving any required approval of the Project Lenders and the Investor Member, dismiss the Management Agent as the entity responsible for the Project under the terms of the contract between the Company and the Management Agent, and

(b) shall, at the request of the Investor Member, remove the Management Agent if the Special Member determines that the same is necessary to protect the interest of the Company or if the Management Agent is declared Bankrupt, is dissolved, or makes an assignment for the benefit of its creditors, or for any intentional misconduct by the Management Agent or its negligence in the discharge of its duties and obligations as Management Agent (subject to the fulfillment and expiration of any notice and/or opportunity to cure provisions of the Management Agreement), including, without limitation, for any action or failure to take any action which:

(i) violates in any material respect any provision of the Management Agreement entered into with the Company and approved by the Project Lenders, if required, and/or any material provision of the Project Documents and/or the Loan Documents applicable to the Project, or the Project Lenders-approved management plan for the Project;

(ii) violates in any material respect any provision of this Agreement or provision of applicable law; or

(iii) causes the Project to be operated in a manner which if continued would give rise to an event which would cause or would likely cause a recapture of LIHTC.

8.17 Replacement of the Management Agent. Upon the removal of the Management Agent as the entity responsible for the management of the Project, a substitute Management Agent

which is not an Affiliate of the Managing Member shall be named by the Managing Member, subject to the approval of the Project Lenders, if required, and the approval of the Investor Member.

8.18 Loans to the Company. The Company is authorized to receive Operating Deficit Loans and MM Loans on the terms set forth in this Agreement. In addition, if (a) additional funds are required by the Company for any purpose relating to the business of the Company or for any of its obligations, expenses, costs or expenditures, and (b) the Company has not received an Operating Deficit Loan, or MM Loan to pay such amounts, then the Company may borrow such funds as are needed from a Person or organization, other than a Member or an Affiliate of a Member, in accordance with the terms of this Section 8.18, for such period of time and on such terms as the Managing Member and the Investor Member may agree; provided, however, that no such additional loans shall be secured by any mortgage or other encumbrance on the property of the Company without the prior approval of the Investor Member except that such approvals shall not be required in the case of the hypothecation of personal property purchased by the Company and not included in the security agreements executed by the Company at the time of Initial Closing. Nothing in this Section 8.18 shall modify or affect the obligation of the Managing Member to make Operating Deficit Loans and to perform its obligations when and as required by this Agreement.

8.19 Affiliate Guaranty. Concurrently with the execution of this Agreement, the Managing Member shall deliver to the Investor Member (a) the Affiliate Guaranty fully executed by each Affiliate Guarantor, (b) a pledge and security agreement executed by the Managing Member in the form of **Exhibit E** attached hereto (the "Managing Member Pledge"), wherein the Managing Member pledges and grants a security interest in its Managing Member interest in the Company and in each Affiliated Company to secure its obligation under this Agreement, and (c) an opinion of counsel to the Affiliate Guarantors in form satisfactory to the Investor Member regarding the Affiliate Guaranty and the Managing Member Pledge.

8.20 Intentionally Deleted.

8.21 Accounting Fee. An accounting fee shall be paid to Virginia Housing Capital Corporation under the Agreement to Provide Accounting and Reporting Services, the form of which is attached hereto as **Exhibit J.** The obligation to pay such fee shall terminate at the end of the next year following the termination of the Compliance Period.

8.22 Public Relations. The Managing Member shall provide written and timely notice of any groundbreaking, ribbon-cutting or other public relations ceremonies for the Project to the Investor Member and recognize the Investor Member and the Investor Member's members at such public relations ceremonies.

ARTICLE IX
TRANSFERS AND RESTRICTIONS ON TRANSFERS
OF INTERESTS OF INVESTOR MEMBERS

9.01 Restrictions on Transfer of Investor Members' Interests.

(a) Under no circumstances will any offer, sale, transfer, assignment, hypothecation or pledge of any Investor Member Interest be permitted unless the Managing Member, in its sole discretion, shall have Consented thereto, and the Project Lenders, if required, also shall have Consented thereto, provided however, that the Managing Member shall not unreasonably withhold its Consent to the pledge by the Investor Member of its Investor Member Interest or a transfer of its right to receive distributions hereunder, so long as no pledgee or transferee shall have any right to become a Substitute Investor Member in the Company or exercise any voting rights of the Investor Member.

(b) The Investor Member whose interest is being transferred shall pay such reasonable expenses as may be incurred by the Company in connection with such transfer.

(c) Nothing in this Section 9.01 shall limit the authority of the Investor Member to sell, transfer and/or assign interests within the Investor Member or to transfer Interests of the Investor Member to (i) any Affiliate of the Investor Member or Special Member, in the sole discretion of the Investor Member, at any time and from time to time, or (ii) to any other Person once during the term of this Agreement upon Notice to the Managing Member(s).

9.02 Admission of Substitute Investor Members.

(a) Subject to the other provisions of this Article IX, an assignee of the Interest of an Investor Member (which shall be understood to include any purchaser, transferee, donee, or other recipient of any disposition of such Interest) shall be deemed admitted as a Substitute Investor Member of the Company only upon the satisfactory completion of the following:

(i) Consent of the Managing Member (which may be withheld in its sole discretion), and the consent of the Project Lenders, if required, shall have been given; such Consent of the Managing Member may be evidenced by the execution by the Managing Member of an amended Agreement and/or Certificate evidencing the admission of such Person as an Investor Member pursuant to the requirements of the Act, provided, however, that no Consent shall be required for any sale, transfer or assignment pursuant to Section 9.01 (c);

(ii) the assignee shall have accepted and agreed to be bound by the terms and provisions of this Agreement by executing a counterpart thereof or an appropriate amendment hereto, and such other documents or instruments as the Managing Member may require in order to effect the admission of such Person as an Investor Member;

(iii) an amended Agreement and/or Certificate evidencing the admission of such Person as an Investor Member shall have been filed for recording pursuant to the requirements of the Act;

(iv) if the assignee is a corporation, the assignee shall have provided the Managing Member with evidence satisfactory to Counsel for the Company of its authority to become an Investor Member under the terms and provisions of this Agreement; and

(v) the assignee or the assignor shall have reimbursed the Company for all reasonable expenses, including all reasonable legal fees and recording charges, incurred by the Company in connection with such assignment.

(b) For the purpose of allocation of profits, losses and credits, and for the purpose of distributing cash of the Company, a Substitute Investor Member shall be treated as having become, and as appearing in, the records of the Company as a Member upon his signing of an amendment to this Agreement agreeing to be bound hereby.

(c) If the Managing Member has determined it will Consent to the admission, the Managing Member shall cooperate with the Person seeking to become a Substitute Investor Member by preparing the documentation required by this Section and making all official filings and publications. In such event, the Company shall take all such action, including the filing, if required, of any amended Agreement and/or Certificate evidencing the admission of any Person as an Investor Member, and the making of any other official filings and publications, as promptly as practicable after the satisfaction by the assignee of the Interest of an Investor Member of the conditions contained in this Article IX to the admission of such Person as an Investor Member of the Company. Any cost or expense incurred in connection with such admission shall be borne by the Substitute Investor Member.

9.03 Rights of Assignee of Company Interest.

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

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

ARTICLE X
RIGHTS AND OBLIGATIONS OF INVESTOR MEMBERS

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

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

10.03 Other Activities. Any Investor Member may engage in or possess interests in other ventures of every kind and description for its own account, including without limitation, serving as general partner or managing member of other limited partnerships or limited liability companies which own, either directly or through interests in other limited liability companies or limited partnerships, government-assisted housing projects similar to the Project. Neither the Company nor any of the Members shall have any right by virtue of this Agreement in or to such other business ventures to the income or profits derived therefrom.

ARTICLE XI
PROFITS, LOSSES AND DISTRIBUTIONS

11.01 Allocation of Profits and Losses Other Than From Capital Transactions.

(a) Manner of Determination. Profits, Losses and credits for all purposes of this Agreement shall be determined in accordance with the definition of the same under Article II of the Agreement (as applicable) and in accordance with the accrual accounting method and in accordance with applicable Code sections and Treasury Regulations governing same.

(b) Allocations. All Profits and Losses, except those items in Sections 11.02, 11.05 and 11.07 below, shall be allocated to the Members in accordance with their Percentage Interests. Every item of income, gain, loss, deduction, or tax preference entering into the computation of such Profits and Losses, or applicable to the period during which such Profits and Losses were realized, shall be considered allocated to each Member in the same proportion as

Profits and Losses are allocated to such Member.

(c) Intentionally Deleted.

(d) Special Member Allocation. Notwithstanding any provisions in the Agreement to the contrary, in no event shall the Special Member be allocated more than its Percentage Interest, determined as of the date hereof, of any item of Company income, gain, loss, deduction, credit or basis.

11.02 Allocation of Profits and Losses from Capital Transactions. Except to the extent provided in Sections 11.07, Profits and Losses recognized by the Company upon a Capital Transaction shall be allocated in the following manner:

(a) Profits shall be allocated (i) first, to the Members with negative Capital Account balances, that portion of gains (including any gains treated as ordinary income for federal income tax purposes) which is equal in amount to, and in proportion to, such Members' respective negative Capital Accounts in the Company; provided that no gain shall be allocated under this Section 11.02(a)(i) to a Member once such Member's Capital Account is brought to zero and (ii) second, gains in excess of the amount allocated under (i) shall be allocated to the Members in the amounts and to the extent necessary to increase the Members' respective Capital Accounts so that the proceeds distributed under Section 11.04(d) and (f) will be distributed in accordance with the Members' respective Capital Accounts.

(b) Losses shall be allocated (i) first, to the extent and in such proportions as the respective positive balances in all Members' Capital Accounts, and (ii) second, any remaining loss to the Members in accordance with the manner in which they bear the economic risk of loss associated with such loss or, if none, to the Members in accordance with their Membership Interests.

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

11.03 Distributions: Net Cash Flow.

(a) Determination of Net Cash Flow. Net Cash Flow shall be determined separately for each fiscal year or portion thereof commencing on the day after Final Closing and shall not be cumulative. Wherever there is a reference to the distribution of Net Cash Flow pursuant to the provisions of this Agreement, Net Cash Flow shall be deemed to be limited to Surplus Cash available for distribution. Income received by the Company from the period commencing with the date of receipt of the initial certificate of occupancy with respect to the Project and ending on the date of the Final Closing shall not be distributed during such period and shall be treated as Net Cash Flow with respect to the first Payment Date following Final Closing.

(b) Manner of Distribution. Subject to the approval of the Project Lenders, if required, Net Cash Flow shall be applied and/or distributed on each Payment Date in the following priority:

(i) first, to the Investor Member until the aggregate amount of distributions made to the Investor Member under this Section 11.03(b)(i) for the current and all prior years equals the Assumed Investor Member Tax Liability for the current and all prior years;

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

(iii) third, to the Managing Member until the aggregate amount of distributions made to the Managing Member under this Section 11.03(b)(iii) for the current and all prior years equals the Assumed Managing Member Tax Liability for the current and all prior years;

(iv) fourth, to replenish the Operating Reserve to the Initial Amount;

(v) fifth, to the Developer until all amounts due under the Development Agreement have been paid in full;

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

(vii) seventh to the payment of the Incentive Management Fee; and

(viii) thereafter, 99.99% to the Investor Member; .009% to the Managing Member; and .001% to the Special Member.

Notwithstanding anything to the contrary contained herein, if the amount of the distribution to the Investor Member under Section 11.03(b) is less than 10% of the Net Cash Flow of the Project, then the Investor Member shall receive a priority distribution before any distributions under Section 11.03(b)(vii) and (viii) in an amount such that, when added to the sum distributable to the Investor Member under Section 11.03(b), shall equal 10% of Cash Flow.

(c) Distributions to be Subject to Regulatory Restrictions. Notwithstanding the foregoing, during such time as regulations of the Project Lenders are applicable to the Project, the total amount of Net Cash Flow which may be so distributed to the Members with respect to any fiscal year shall not exceed such amounts as such regulations permit to be distributed.

11.04 Distributions: Capital Transactions and Liquidation of Company. Except as may be required under Section 12.02(b), the proceeds resulting from the liquidation of the Company assets pursuant to Section 12.02, and the net proceeds resulting from any Capital Transaction, as the case may be, shall be distributed and applied in the following order of priority:

(a) to the payment of all matured debts and liabilities of the Company (including amounts due pursuant to any Project Loan and all expenses of the Company incident to any such sale or refinancing), excluding (1) debts and liabilities of the Company to Members or any Affiliates, and (2) all unpaid fees owing to the Managing Member under this Agreement;

(b) to the setting up of any reserves which the Liquidator (or the Managing Member if the distribution is not pursuant to the liquidation of the Company) deems reasonably necessary for contingent, unmatured or unforeseen liabilities or obligations of the Company;

(c) Twenty Thousand and No/100 Dollars (\$20,000.00) to the Special Member, or its assignee as a Capital Transaction Administrative Fee, either upon sale or transfer of Investor Member interest;

(d) to the payment of any debts and liabilities (including unpaid fees) owed to the Members or any Affiliates by the Company for Company obligations; provided, however, that the foregoing debts and liabilities owed to Members and their Affiliates shall be paid or repaid, as applicable, in the following order of priority, if and to the extent applicable: (i) to the Investor Member, an amount equal to any outstanding LIHTC Reduction Guaranty Payment, or any Unpaid LIHTC Shortfall (applied first to accrued but unpaid interest (at the Default Rate) and then principal); (ii) to the Investor Member, an amount equal to any Special Additional Capital Contribution; (iii) to the payment of any outstanding MM Loans and loans made by the Managing Member pursuant to Section 8.11(a)(i) and/or 8.11(a)(ii) pro rata based on their respective outstanding balances, if applicable; (iv) amounts due under the Development Agreement; (v) amounts due with respect to Operating Deficit Loans, if any; and (vi) any other such debts and liabilities;

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

(f) to payment of the Guarantor LIHTC Compliance Loan (or, if funds provided are a capital contribution, under Section 8.11(c)(v), as a return of such capital); and

(g) the balance, .009% to the Managing Member, 99.99% to the Investor Member, and .001% to the Special Member.

Written determination of the proposed distributions of proceeds of Capital Transactions, showing all relevant calculations and assumptions, shall be delivered to the Investor Member and Special Member not later than twenty (20) days prior to the Company entering into any agreement for a Capital Transaction, and written confirmation or any revision thereof shall be delivered to the Investor Member and Special Member not later than twenty (20) days prior to the making of any such distribution. Distributions hereunder shall be made within five (5) days of the Company's receipt of such proceeds.

11.05 Distributions and Allocations: General Provisions.

(a) In any year in which a Member sells, assigns or transfers all or any portion of an Interest to any Person who during such year is admitted as a substitute Member, the share of all profits and losses allocated to, and of all Net Cash Flow and of all cash proceeds distributable under Section 11.04 distributed to, all Members which is attributable to the Interest sold, assigned or transferred shall be divided between the assignor and the assignee ratably on the basis of the number of monthly periods in such year before, and the number of monthly periods on and after, the first day of the month during which such Person is admitted as a substitute Member.

(b) The Company shall, subject to any applicable limitation on the distribution of Net Cash Flow and any required approval by the Project Lenders, distribute Net Cash Flow not less frequently than annually in the manner provided in Section 11.03(b).

(c) In the event that there is a determination that there is any original issue discount or imputed interest attributable to the Capital Contribution of any Member, or any loan between a Member and the Company, any income or deduction of the Company attributable to such imputed interest or original issue discount on such Capital Contribution or loan (whether stated or unstated) shall be allocated solely to such Member.

(d) In the event that the deduction of all or a portion of any fee paid or incurred by the Company to a Member or an Affiliate of a Member is disallowed for federal income tax purposes by the IRS with respect to a taxable year of the Company, the Company shall then allocate to such Member an amount of gross income of the Company for such year equal to the amount of such fee as to which the deduction is disallowed.

(e) If any Member's Interest in the Company is reduced but not eliminated because of the admission of new Members or otherwise, or if any Member is treated as receiving any items of property described in Section 751(a) of the Code, the Member's Interest in such items of Section 751(a) property that was property of the Company while such Person was a Member shall not be reduced, but shall be retained by the Member so long as the Member has an Interest in the Company and so long as the Company has an Interest in such property.

(f) In accordance with Section 704(c) of the Code (relating to allocations with respect to appreciated contributed property) and the Regulations thereunder, income, gain, loss, and deduction with respect to any property contributed to the capital of the Company shall be allocated, solely for tax purposes, among the Members so as to take account of any variation between the adjusted basis of such property to the Company for federal income tax purposes and its fair market value. Any elections or other decisions relating to such allocations shall be made by the Managing Member in any manner that reasonably reflects the purpose and intention of this Agreement.

(g) In the event that the Managing Member makes any Operating Deficit Loans pursuant to Section 8.11(b), any deductions or losses of the Company attributable to the use of those funds shall be specially allocated to the Managing Member.

(h) Any income attributable to the Capital Contribution of the Managing Member will be allocated to the Managing Member.

(i) Any income attributable to the modification of any of the Project Loan(s) shall be allocated 100% to the Managing Member.

11.06 Capital Accounts.

(a) Establishment and Maintenance. A separate Capital Account shall be maintained and adjusted for each Member. There shall be credited to each Member's Capital Account the amount of its Capital Contribution, the fair market value of any property contributed to the Company (net of any liabilities secured by such property) and such Member's distributive share of the income and gain for tax purposes of the Company including income or gain exempt from tax; and there shall be charged against each Member's Capital Account the amount of all cash flow distributed to such Member, the fair market value of any property distributed to such Member (net of any liabilities secured by such property), the net proceeds resulting from the liquidation of the Company's assets or from any sale or refinancing of the Project distributed to such Member, and such Member's distributive share of the losses for tax purposes of the Company. Each Member's Capital Account shall be maintained and adjusted in accordance with the Code and the Treasury Regulations thereunder. The foregoing provisions and the other provisions of this Agreement relating to the maintenance of Capital Accounts are intended to comply with Treas. Reg. § 1.704-1(b), and shall be interpreted and applied in a manner consistent with such regulations. It is the intention of the Members that the Capital Accounts maintained under this Agreement be determined and maintained throughout the full term of this Agreement in accordance with the accounting rules of Treas. Reg. § 1.704-1(b)(2)(iv).

(b) Deficit Capital Accounts; Regulatory Liquidation. In the event that the Company is liquidated within the meaning of Treas. Reg. § 1.704-1(b)(2)(ii)(g), if the Managing Member's Capital Account has a deficit balance (after giving effect to all contributions, distributions and allocations), the Managing Member shall make Capital Contributions in the

amount of such deficit in compliance with Treas. Reg. §1.704-1(b)(2)(ii)(b)(3). In the event that the Investor Member's Capital Account should have a deficit balance at such time, it shall have no obligation to fund or otherwise contribute capital to the Company in connection with such deficit. Notwithstanding the foregoing, in the event the Company is liquidated within the meaning of Treas. Reg. § 1.704-1(b)(2)(ii)(g) but no event has occurred under Section 12.01 to dissolve the Company, the Company assets shall not be liquidated, the Company's liabilities shall not be paid or discharged, and the Company's affairs shall not be wound up. Instead, the Company shall be deemed to have contributed all of its assets and liabilities to a new limited liability company in exchange for an interest in the new limited liability company. Immediately thereafter, the terminated Company shall be deemed to have distributed interests in the new limited liability company to the Members of the terminated Company in proportion to their respective interests in the terminated Company in liquidation of the terminated Company.

11.07 Special Allocations. Notwithstanding anything to the contrary contained in Section 11.01(a) or (b), the following special allocations in all events apply in determining the allocation of Profits and Losses among the Members and are made prior to the allocations required under §11.01(a) and (b):

(a) Depreciation and LIHTC.

(i) Depreciation (cost recovery) deductions and LIHTC are allocated to the Members in accordance with their Percentage Interests.

(ii) Any recapture of LIHTC is allocated to the Members that were allocated (or whose predecessors-in-interest were allocated) the depreciation/cost recovery deduction and LIHTC associated therewith.

(b) Limitation on Allocations of Losses.

(i) To the extent the allocation of any Losses to a Member would cause that Member to have an Adjusted Capital Account Deficit at the end of any fiscal year of the Company, then those Losses will not be allocated to that Member, but rather will be specially allocated to the remaining Members in proportion with their relative interests in the Company.

(ii) In the event some but not all of the Members would have Adjusted Capital Account Deficits due to an allocation of Losses, the limitation set forth in this Section 11.07(b) shall be applied on a Member-by-Member basis so as to allocate the maximum permissible Losses to each Member who is not a Managing Member under Treas. Reg. §1.704-1(b)(2)(ii)(d). All Losses in excess of the limitation set forth in this Section 11.07(b) shall be allocated to the Managing Member.

(c) Profit Chargeback. To the extent any Losses are specially allocated to a Member in accordance with Section 11.07(b), then Profits will thereafter first be specially allocated to such Member in proportion to and in an amount (1) up to but not exceeding the amount of any such

special allocation of Losses away from such Member under such subparagraph (b) but (2) not to the extent that Losses or depreciation deductions would be allocated to the remaining Members in excess of the amount permitted by 11.07(b).

(d) Nonrecourse Deductions. Nonrecourse Deductions for any fiscal year shall be allocated to the Members in accordance with their Percentage Interests.

(e) Member Nonrecourse Deductions. Any Member Nonrecourse Deductions for any fiscal year shall be specially allocated to the Member or Members that bear the Economic Risk of Loss with respect to the Member Nonrecourse Debt to which such Member Nonrecourse Deductions are attributable in accordance with Treas. Reg. §1.704-2(b)(4) and Treas. Reg. §1.704-2(i).

(f) Company Minimum Gain Chargeback. Notwithstanding any other provision of this Agreement, if there is a net decrease in the Company's Minimum Gain attributable to Nonrecourse Liabilities during any taxable year, each Member shall be specially allocated a *pro rata* portion of each of the Company's items of income and gain for such year (and, if necessary for subsequent years) in proportion to, and to the extent of, an amount equal to such Member's share of the net decrease in such Minimum Gain during such taxable year as determined in accordance with the provisions of Treas. Reg. §1.704-2(g)(2). In the event that such net decrease in the Company's Minimum Gain occurs in connection with the disposition of all or any portion of the Project, then any items of Company income or gain allocated in accordance with the previous sentence shall first consist of gain recognized by the Company as a result of such disposition. It is the intent that the allocations provided in this Section 11.07(f) shall be determined in accordance with and only to the extent required by Treas. Reg. §1.704-2(f) and (j)(2)(i).

(g) Member Minimum Gain Chargeback. Notwithstanding any other provision of this Agreement, if there is a net decrease in the amount of the Company's Minimum Gain during any taxable year with respect to a Member Nonrecourse Debt, the Member bearing the Economic Risk of Loss with respect to such Member Nonrecourse Debt shall be specially allocated a *pro rata* portion of each of the Company's items of income and gain for such taxable year (and, if necessary, for subsequent years) in proportion to, and to the extent of the amount of such Member's share of the net decrease in such Minimum Gain during such taxable year as determined in accordance with the provisions of Treas. Reg. §1.704-2(i)(4). In the event that such net decrease in the Member's Minimum Gain occurs in connection with the disposition of all or any portion of Project, then any items of Company income or gain allocated in accordance with the previous sentence shall first consist of gain recognized by the Company as a result of such disposition. It is the intent that the allocations provided in this Section 11.07(g) shall be determined in accordance with and only to the extent required by the provisions of Treas. Reg. §1.704-2(i) and (j)(2)(ii).

(h) Qualified Income Offset. If a Member unexpectedly receives any adjustments, allocations, or distributions described in §1.704-1(b)(2)(ii)(d)(4), (5) or (6) of the Regulations, then items of Company income or gain will be specially allocated to that Member in an amount and manner sufficient to eliminate, to the extent required by the Regulations, the Adjusted

Capital Account Deficit of that Member as quickly as possible. The special allocations required pursuant to this subparagraph (h) are made only if and to the extent that such Member would have an Adjusted Capital Account Deficit after all other allocations provided for in this Article 11 have been tentatively made as if this subparagraph (h) were not in the Agreement. This subparagraph (h) is intended to comply with the qualified income offset requirements of §1.704-1(b)(2)(ii)(d) of the Regulations and will be interpreted consistently therewith.

(i) Gross Income Allocation. In the event any Member has a deficit Capital Account at the end of any fiscal year in excess of the sum of (i) the amount that such Member must restore pursuant to any provision of this Agreement, if any, and (ii) the amount such Member is deemed obligated to restore pursuant to the penultimate sentence of Treas. Reg. § 1.704-2(g) and § 1.704-2(i)(5), such Member shall be specially allocated items of Company income and gain in the amount of such excess as quickly as possible, provided that an allocation pursuant to this Section 11.07(i) shall be made if and only to the extent that such Member would have a deficit Capital Account in excess of such sum after all other allocations provided for in this Article XI have been tentatively made as if this Section 11.07(i) and Section 11.07(h) hereof were not in the Agreement.

(j) §754 Adjustment. To the extent an adjustment to the adjusted tax basis of any Company Property undertaken pursuant to §734(b) or 743(b) of the Code is required to be taken into account in determining the Capital Accounts of the Members under Treas. Reg. §1.704-1(b)(2)(iv)(m), then the amount of such adjustment to the Capital Accounts will be treated as an item of gain (if the adjustment increases the basis of the asset) or loss (if the adjustment decreases such basis) and such gain or loss will be specially allocated to the Members in a manner consistent with the manner in which their Capital Accounts are required to be adjusted pursuant to the aforementioned section of the regulations.

(k) Curative Allocations. In the event that income, loss or items thereof are allocated to one or more Members pursuant to Sections 11.07(h) through (i), subsequent income, loss or items thereof shall be allocated (subject to the provisions of Sections 11.07(h) and (i)) to the Members so that, to the extent possible in the judgment of the Managing Member, the net amount of allocations shall be equal to the amount that would have been allocated had Section 11.07 not been applied. Notwithstanding the foregoing, the allocation of depreciation deductions will be governed by Section 11.07(a) and this Section 11.07(k) shall not apply to allocations of depreciation deductions.

(l) Excess Nonrecourse Liabilities. Solely for purposes of determining a Member's proportionate share of the "excess nonrecourse liabilities" of the Company within the meaning of Treas. Reg. §1.752-3(a)(3), the Members' respective interests in Company Profits and deductions shall equal their Percentage Interests (determined without regard to Section 11.07(a)-(k)).

(m) Authority to Vary Allocations to Preserve and Protect Members' Intent

(i) It is the intent of the Members that each Member's distributive share

of income, gain, loss, deduction, or credit (or item thereof) shall be determined and allocated in accordance with this Article XI to the fullest extent permitted by Section 704(b) of the Code. In order to preserve and protect the determinations and allocations provided for in this Article XI, the Managing Member, shall upon the direction in writing of the Special Member, allocate income, gain, loss, deduction, or credit (or item thereof) arising in any year differently than otherwise provided for in this Article XI as necessary to ensure that all allocations of income, gain, loss, deduction or credit (or item thereof) to the Members are permitted by Section 704(b) of the Code and Treasury Regulations promulgated thereunder. Any allocation made pursuant to this Section 11.07 shall be deemed to be a complete substitute for any allocation otherwise provided for in this Article XI and no amendment of this Agreement or approval of any Member shall be required.

(ii) In making any allocation (the "new allocation") under Section 11.07(m)(i), the Managing Member is authorized to act only upon the direction in writing of the Special Member or the Investor Member.

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

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

11.08 Designation of Partnership Representative. The Managing Member shall be the partnership representative of the Company pursuant to Section 6223 of the Code ("Partnership Representative"), and shall engage in such undertakings as are required of the Partnership Representative of the Company, as provided in the Code and applicable Treasury Regulations. For each applicable tax year, the Partnership Representative shall appoint as the Designated Individual a person who is employed by the Managing Member or its Affiliate, has sufficient experience and authority to represent the Company in all dealings with the IRS, and is Consented to by the Investor Member or Special Member. If the Designated Individual is unable to perform the role required, no longer meets the requirements of the Code and Treasury Regulations or ceases to be employed by the Managing Member or its Affiliate, the Managing Member shall take all necessary action to cause such person to resign as the Designated Individual and to designate a successor representative that would otherwise qualify under this Agreement and under the Code and Treasury Regulations as a permissible Designated Individual. The Managing Member shall take any and all action required under the Code or Treasury Regulations (including on all applicable Company tax returns), as in effect from time to time, to designate itself as the Partnership Representative and

the chosen person as the Designated Individual. The Managing Member shall cause the Designated Individual to agree to comply with all restrictions and obligations imposed on the Partnership Representative as set forth in this Agreement.

Each Member, by its execution of this Agreement, Consents to such designation of the Partnership Representative and agrees to execute, certify, acknowledge, deliver, swear to, file and record at the appropriate public offices such documents as may be necessary or appropriate to evidence such Consent.

11.09 Authority of Partnership Representative.

(a) The Partnership Representative shall have and perform all of the duties required under the Code and Treasury Regulations, including the following duties:

(i) Furnish the name, address, profits interest, and taxpayer identification number of each Member to the IRS;

(ii) Represent the Company in all dealings with the IRS and state and local taxing authorities in accordance with the obligations and restrictions imposed by this Agreement;

(iii) Within five calendar days after the receipt by the Managing Member or an Affiliate thereof or the Company of any correspondence or communication relating to the Company or a Member or an Affiliate of a Member from the IRS or state or local taxing authority, the Partnership Representative shall forward to each Member a photocopy of all such correspondence or communication(s). The Partnership Representative shall, within five calendar days thereafter, advise each Member in writing of the substance and form of any conversation or communication held with any representative of the IRS or state or local taxing authority.

(b) The Partnership Representative shall, upon request by the Investor Member, permit the Investor Member to include its attorney in the power of attorney (Form 2848) for the Company for any taxable years under a tax audit or in a tax administrative appeals process.

(c) The Partnership Representative shall, solely upon request by the Investor Member, make an election pursuant to Sections 6221 or 6226 of the Code on behalf of the Company, provided the Company is permitted to make such election pursuant to the Code or Treasury Regulations thereunder.

(d) The Partnership Representative shall not without the Consent of the Special Member:

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

(ii) Engage an accounting firm or counsel to represent the Company before the

IRS;

(iii) Settle any audit with the IRS concerning the adjustment or readjustment of any Company item(s);

(iv) File a request for an administrative adjustment with the IRS at any time or file a petition for judicial review with respect to any such request or select the forum for judicial review of any IRS determination;

(v) Initiate or settle any judicial review or action concerning the amount or character of any Company tax item(s);

(vi) Intervene in any action brought by any other Member for judicial review of a final Company administrative adjustment;

(vii) Make an election pursuant to Sections 6221(b) or 6226(a) of the Code on behalf of the Company;

(viii) Take action pursuant to Treasury Regulations promulgated under Section 6225(c); or

(ix) Take any other action not expressly permitted by this Section 11.09 on behalf of the Members of the Company in connection with any administrative or judicial tax proceeding.

(e) In the event of any Company-level proceeding instituted by the IRS pursuant to Sections 6221 through 6241 of the Code, or by any other federal, state or local tax authority, the Partnership Representative shall consult with the Special Member regarding the nature and content of all action and defense to be taken by the Company in response to such proceeding. The Partnership Representative also shall consult with the Special Member regarding the nature and content of any proceeding pursuant to Sections 6221 through 6241 of the Code instituted by or on behalf of the Company (including the decision to institute proceedings, whether administrative or judicial, and whether in response to a previous IRS proceeding against the Company or otherwise). The Partnership Representative will provide the Investor Member and Special Member with notice reasonably in advance of any meetings or conferences with respect to any administrative or judicial proceedings relating to the determination of Company items at the Company-level (including any meetings or conferences with counsel or advisors to the Company with respect to such proceedings) and the Investor Member and Special Member shall have the right to participate, at the Investor Member's and Special Member's sole cost and expense, in any such meetings or conferences. In any such proceedings, the Partnership Representative shall take any action or omit to take any action, if reasonably requested by the Investor Member or Special Member.

(f) If, at any time, the Managing Member desires to accept a settlement offer or other proposed resolution of a tax dispute, and the Investor Member and Special Member do

not, then, to the extent permitted by the Code and Treasury Regulations, the Special Member may elect to take control of such tax dispute (including by being appointed as the Partnership Representative for the relevant period) and resolve such tax dispute in the best interest of the Company, as reasonably determined by the Special Member. If exercised, this election shall apply only to such contested tax dispute and not to any other past, future, or pending dispute with a tax authority or other Company matter. Moreover, the exercise of this election shall not relieve the Managing Member of any of its other obligations under this Agreement, including its obligation to manage the Company.

(g) In the event that an election described in Code Section 6226(a) is not made with respect to any notice of final partnership adjustment, each Member shall be obligated to make a capital contribution in an amount equal to such Member's share of the imputed underpayment (and any associated interest and penalties) owed by the Company under Code Section 6225. For purposes of the preceding sentence, each Member's share of such imputed underpayment (and associated interest and penalties) shall be determined by taking into account (i) such Member's share of the income, gain, loss, deductions, basis and credits to which such adjustment and imputed underpayment relate, as determined by the Accountants; (ii) such Member's obligation (if any) to indemnify, defend, or hold harmless the Company or any other Member for such imputed underpayment (and any associated interest and penalties) under this Agreement; (iii) such Member's obligations and liabilities arising from or related to such Member's representations, warranties and covenants in this Agreement; and (iv) the obligations of the Managing Member(s) under Section 5.01(e) (relating to Tax Credit adjustments). For example, if an imputed underpayment were to relate to an adjustment or disallowance of Tax Credits previously allocated to the Investor Member, and such adjustment or disallowance would give rise to an obligation of the Managing Member to make a capital contribution under Section 5.01(e) (relating to Tax Credit adjustments), then such Managing Member, rather than the Investor Member, would be required to make the capital contribution described in this paragraph.

(h) The Managing Member shall be the "tax matters partner" for all Fiscal Years of the Company beginning prior to January 1, 2018. Unless at the direction of the Investor Member, to be given in its sole and absolute discretion, the Managing Member shall not elect, and has not elected, pursuant to Section 1101(g)(4) of the Bipartisan Budget Act of 2015 (the "Budget Act") to apply the provisions of Section 1101 of the Budget Act to a Fiscal Year of the Company beginning prior to January 1, 2018.

11.10 Expenses of Partnership Representative. The Company shall indemnify and reimburse the Partnership Representative for all expenses, including legal and accounting fees, claims, liabilities, losses and damages incurred in connection with any administrative or judicial proceeding with respect to the tax liability of the Members. The payment of all such expenses shall be made before any distributions are made from Net Cash Flow or any discretionary reserves are set aside by the Managing Member. The Managing Member shall have the obligation to provide funds for such purpose to the extent that Company funds are not otherwise available therefor. The taking of any action and the incurring of any expense by the Partnership Representative in connection with any such proceeding, except to the extent required by law, is a

matter in the sole discretion of the Partnership Representative and the provisions on limitations of liability of the Managing Member and indemnification set forth in Section 8.08 of this Agreement shall be fully applicable to the Partnership Representative in its capacity as such. Sections 11.08, 11.09 and this Section 11.10 of the Agreement shall survive termination of any Member's interest in the Company for any reason and shall be binding on all Members, including former Members.

ARTICLE XII SALE, DISSOLUTION AND LIQUIDATION

12.01 Dissolution of the Company. The Company shall be dissolved upon the earlier of the expiration of the term of the Company, or upon:

(a) the withdrawal, Bankruptcy, death, dissolution or adjudication of incompetency of the Managing Member who is at that time the sole Managing Member, subject to the provisions of Section 6.03, unless a majority in interest of the other Members, within ninety (90) days after receiving Notice of such withdrawal, Bankruptcy, death, dissolution or adjudication of incompetence, elects to designate a successor Managing Member(s) and continue the Company upon the admission of such successor Managing Member(s) to the Company;

(b) the sale or other disposition of all or substantially all of the assets of the Company, subject to the provisions of Section 6.03;

(c) the election by the Managing Member, with the Consent of a majority in interest of the other Members; or

(d) any other event causing the dissolution of the Company under the laws of the Commonwealth of Virginia.

12.02 Winding Up and Distribution.

(a) Upon the dissolution of the Company pursuant to Section 12.01, (i) a Certificate of Cancellation shall be filed in such offices within the Commonwealth of Virginia as may be required or appropriate and (ii) the Company business shall be wound up and its assets liquidated as provided in this Section 12.02 and the net proceeds of such liquidation, except as provided in Section 12.02(b) below, shall be distributed in accordance with Section 11.04.

(b) It is the intent of the Members that, upon liquidation of the Company, any liquidation proceeds available for distribution to the Members be distributed in accordance with the Members' respective positive Capital Account balances and in accordance with Treas. Reg. §1.704-1(b)(2)(ii)(b)(2). The Members believe that distributions under Section 11.04 will effectuate such intent. In the event that, upon liquidation, there would otherwise be any conflict between a distribution pursuant to the Members' respective positive Capital Account balances and the intent of the Members with respect to distribution of proceeds as provided in Section 11.04,

the Liquidator shall, notwithstanding the provisions of Sections 11.01, 11.02, 11.03 and 11.05, allocate the Company's gains, profits and losses in a manner that will, as nearly as possible, cause the distribution of liquidation proceeds to the Members to be in accordance both with the Members' economic expectations as set forth in Section 11.04 and their respective Capital Account balances. If the Company's gains, profits and losses are insufficient to cause the Members' Capital Accounts to be in such amounts as will permit liquidation proceeds to be distributed both in accordance with the Members' respective positive Capital Account balances and Section 11.04, then liquidation proceeds shall be distributed in accordance with the Members' respective positive Capital Account balances after the allocations described herein have been made.

(c) The Liquidator shall file all certificates and notices of the dissolution of the Company required by law. The Liquidator shall proceed without any unnecessary delay to sell and otherwise liquidate the Company's property and assets; provided, however, that if the Liquidator shall determine that an immediate sale of part or all of the Company property would cause undue loss to the Members, then in order to avoid such loss, the Liquidator may, except to the extent provided by the Act, defer the liquidation as may be necessary to satisfy the debts and liabilities of the Company to Persons other than the Members. Upon the complete liquidation and distribution of the Company assets, the Members shall cease to be Members of the Company, and the Liquidator shall execute, acknowledge and cause to be filed all certificates and notices required by the law to terminate the Company.

(d) Upon the dissolution of the Company pursuant to Section 12.01, the Accountants shall promptly prepare, and the Liquidator shall furnish to each Member, a statement setting forth the assets and liabilities of the Company upon its dissolution. Promptly following the complete liquidation and distribution of the Company property and assets, the Accountants shall prepare, and the Liquidator shall furnish to each Member, a statement showing the manner in which the Company assets were liquidated and distributed.

ARTICLE XIII
BOOKS AND RECORDS, ACCOUNTING,
TAX ELECTIONS, ETC.

13.01 Books of Account. The Managing Member shall keep proper and complete books of account for the Company. Such books of account shall be kept at the principal office of the Company and shall be open at all times for examination and copying by the Investor Member or its authorized representatives. The Managing Member shall retain such books of account for six years after the later of the termination of the Company or the end of all applicable compliance periods under the Regulations. All decisions as to the fiscal year and accounting methods to be used by the Company shall be made only with the prior written Consent of the Investor Member. In addition, the Managing Member shall comply with all record keeping and record retention requirements applicable to low-income housing projects under the Code and Regulations, and shall provide such information to the Members for their compliance.

13.02 Financial Reports.

(a) Agreement with VHCC. The Company shall enter into an agreement with Virginia Housing Capital Corporation ("VHCC"), essentially in the form attached hereto as **Exhibit J**, pursuant to which VHCC will provide certain accounting and reporting services to the Company.

(b) Monthly Reports. Within ten days after the end of each month, the Managing Member shall deliver to the Members with respect to such month a cash flow statement for the Company, with a detailed itemization of all Company receipts and expenses, and with such additional information as shall be reasonably requested by the Members (the foregoing, collectively, the "Cash Flow Report"). Notwithstanding the foregoing, if the Investor Member believes that the Project is experiencing or may experience adverse operating results or any other material adverse condition, the Investor Member, by Notice to the Managing Member, may require the delivery of Cash Flow Reports within five days after the end of each month, until such time as the Investor Member believes that the adverse condition affecting the Project is no longer present or threatened. At Investor Member's request, copies of all proposed leases and tenant income certification information for the initial occupant of each dwelling unit shall be delivered concurrently with such Cash Flow Report prior to execution thereof by the Company.

(c) Governmental and Lender Reports. The Managing Member shall also deliver to the Investor Member any financial or performance report required to be provided by the Company to any federal, state or local governmental agency or to any Company lender. Any such report shall be delivered to the Investor Member within five days after such report is filed with any such governmental agency or Company lender.

13.03 Budgets and General Disclosure. The Managing Member shall prepare and deliver to the Investor Member no later than the 60 days prior to the beginning of each fiscal year of the Company a detailed annual operating and capital improvements budget for the operation of the Project during such fiscal year. Such budgets shall specifically list all budgeted expenses in all major categories including, but not limited to, administration, operation, repairs and maintenance, utilities, taxes, insurance, interest, debt service with respect to the Project Loans, capital improvements, and all budgeted expenses which are to be paid to the Managing Member or its Affiliates. Such a budget shall be deemed "approved" for purposes of this Agreement only when such budget has been approved by the Investor Member. The Managing Member shall keep the Investor Member informed concerning the general state of the business and financial condition of the Company and shall, upon the reasonable request of the Investor Member, furnish to the Investor Member full information, accounts and documentation concerning the state of the business and financial condition of the Company. The Managing Member shall also provide the following statements or disclosures to the Investor Members:

(a) Semiannual Reports. Semiannually, within 45 days after the end of the second and fourth fiscal quarters of the Company, until the later to occur of the following events: (i) all Capital Contribution installments of the Investor Member have been made, or (ii) the Project is placed in

service, a report on the status of the Company. Such report will include the following and will contain updated and revised information if there has been any change in facts previously reported.

(i) a description of the Project, including the status of construction or rehabilitation to be performed in connection with the Project (which information shall be provided on the Project until construction or rehabilitation is complete);

(ii) a description of the financing for the Project, including mortgage financing, any state or local government loans, any operating deficit guaranty, the Investor Member's Capital Contributions to the Company and any other contributions or loans to the Company;

(iii) a description of any applicable rental subsidy for the Project;

(iv) the terms of any performance bonds, development cost guarantees, operating deficit guarantees and other credit enhancements provided in connection with the Project;

(v) the fees, and other financial incentives provided to the Managing Member and its Affiliates; and

(vi) any draw or call upon or demand for payment of or under any operating deficit guarantee, operating reserve, contractor performance bonds or completion guarantee.

(b) Annual Reports. Within 100 days after the end of each fiscal year of the Company, a statement prepared by the Managing Member, which statement shall include the following:

(i) a report summarizing the fees, commissions, compensation and other remuneration and reimbursed expenses paid by the Company for such fiscal year to the Managing Member or any Affiliates of the Managing Member and the services performed;

(ii) a report of the activities and investments of the Company during the period covered by the report; and

(iii) a comparison of actual and projected tax benefits for the year.

The statement will be accompanied by audited financial statements of any Affiliate Guarantor.

(c) Demands for Payment. Within three business days of the exercise thereof, any draw or call upon or demand for payment of or under any operating deficit guarantee, operating reserve, contractor performance bonds or completion guarantee.

(d) Notices of Default. Immediately upon notice of such a default, any default by the Company in any loan, including any state or local government loan or other financial obligation, of the Company or its Managing Member.

(e) Notices of IRS Proceedings. Immediately upon receipt of such notice, any notice of any IRS proceeding or any other audit, review or inspection by an federal, state or local governmental agency or Project Lender involving the Company.

13.04 Tax Information. The Managing Member shall file all necessary tax forms related to the formation of the Company, including, if required, Form 8264 (related to the registration of a tax shelter). VHCC shall also provide such federal tax information as required under its agreement with the Company as set forth on Exhibit J.

13.05 Selection of Accountants. The Investor Member shall be entitled to select a firm of certified public accountants that are experienced in LIHTC and that will prepare the Company's year-end financial statements and the Company's annual tax returns. The fee of such accountants shall be paid by the Investor Member out of the accounting fee payable to it pursuant to Section 8.21 of this Agreement.

13.06 Section 754 Elections. In the event of a transfer of all or any part of the Interest of a Managing Member or of an Investor Member, the Company may elect, pursuant to Sections 743 and 754 of the Code (or any corresponding provision of succeeding law), to adjust the basis of the Company property if, in the opinion of the Investor Member, based upon the advice of the Accountants, such election would be most advantageous to the Investor Member. Each Member agrees to furnish the Company with all information necessary to give effect to such election.

13.07 Fiscal Year and Accounting Method. The fiscal year of the Company shall be the fiscal year of the Investor Member, which ends at December 31; provided, however, that upon request from the Investor Member, the fiscal year of the Company shall become the calendar year. All Company accounts shall be determined on an accrual basis.

13.08 Late Report Penalties. (i) In the event that the reports of information provided for in Sections 13.02(b) or 13.03 above are, at any time, not provided within the time frames set forth therein, the Managing Member shall be obligated to pay to the Investor Member the sum of \$200.00 per day, as liquidated damages, for each day from the date upon which such report(s) or information is (are) due pursuant to the provisions of the aforesaid Sections until the date upon which such report(s) or information is (are) provided in form acceptable to the Investor Member. In the event that the reporting requirements set forth in any of the above provisions of this Article XIII are not met, the Investor Member, in its reasonable discretion, may direct the Managing Member to dismiss the Accountants, and to designate successor Accountants, subject to the approval of the Investor Member; provided, however, that if the Managing Member and the Investor Member cannot agree on the designation of successor Accountants, the successor Accountants shall be designated by the Investor Member in its sole reasonable discretion, and the fees of such successor Accountants shall be paid by the Managing Member.

ARTICLE XIV
AMENDMENTS

14.01 Proposal and Adoption of Amendments. This Agreement may be amended by the Managing Member with the Consent of the Investor Member; provided that such Consent shall not be unreasonably withheld as to any proposed amendment which does not affect the obligations of the Managing Member or the rights of any of the Members under this Agreement; and further provided that, if the Investor Member proposes an amendment to this Agreement which either (a) increases or imposes upon the Investor Member the obligation to restore a deficit balance in its Capital Account, or (b) prospectively decreases the obligation of the Investor Member to restore a deficit balance in its Capital Account in a subsequent Fiscal Year of the Company, the Managing Member shall effectuate the adoption of such amendment; provided, however, that the Managing Member shall not be liable to the Investor Member for any adverse tax consequences that may result from any such increase or decrease.

ARTICLE XV
CONSENTS, VOTING AND MEETINGS

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

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

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

ARTICLE XVI
GENERAL PROVISIONS

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

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

16.03 Counterparts. This Agreement may be executed in several counterparts, each of which shall be deemed to be an original copy and all of which together shall constitute one agreement binding on all parties hereto, notwithstanding that all the parties shall not have signed the same counterpart.

16.04 Separability of Provisions. Each provision of this Agreement shall be considered separable, and if for any reason any provision which is not essential to the effectuation of the basic purposes of this Agreement is determined to be invalid and contrary to any existing or future law, such invalidity shall not impair the operation of or affect those provisions of this Agreement which are valid.

16.05 Entire Agreement. This Agreement sets forth all (and is intended by all parties to be an integration of all) of the representations, promises, agreements and understandings among the parties hereto with respect to the Company, the Company business and the property of the Company, and there are no representations, promises, agreements or understandings, oral or written, express or implied, among them other than as set forth or incorporated herein.

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

16.07 Environmental Protection.

(a) The Managing Member warrants and represents that to the best of the Managing Member's knowledge, after diligent inquiry, there presently are not, in, on, or under the Project nor will there be, in, on, or under the Project, upon completion of the construction: (i) any "hazardous substance" as that term is defined under the Comprehensive Environmental Response, Compensation and Liability Act of 1980, 42 U.S.C. §9601, et seq., as amended ("CERCLA"), or any other hazardous or toxic substance, waste or material or any other substance or pollutant that poses a risk to human health or the environment, including, but not limited to, petroleum in any

form, lead-based paint, asbestos, urea formaldehyde insulation, methane gas, polychlorinated biphenyls ("PCBs") or radon, except for ordinary and necessary quantities of office supplies, cleaning materials and pest control supplies stored in a safe and lawful manner and petroleum products contained in motor vehicles (the "Hazardous Substances"); (ii) any underground storage tanks; (iii) accumulations of debris, mining spoil, spent batteries, except for ordinary garbage stored in receptacles for regular removal; (iv) or any other condition which could result in liability for an owner or operator of the Project under any federal, state, or local law, rule, regulation, or ordinance.

(b) The Managing Member further represents and warrants that (i) neither it nor, to the best of its knowledge, any other party has been, is or will be involved in operations at or, pursuant to the Managing Member's best knowledge, near the Land, which operations could lead to (A) a determination of liability under the Hazardous Waste Laws as to the Company or (B) the creation of a lien on the Land under the Hazardous Waste Laws or under any similar laws or regulations; and (ii) the Managing Member has not permitted, and will use best efforts not to permit, any tenant or occupant of the Project to engage in any activity that could impose liability under the Hazardous Waste Laws on such tenant or occupant, on the Land or on any other owner of the Project.

(c) The Managing Member further warrants and represents to the best of the Managing Member's knowledge that the Project is in compliance with all applicable Hazardous Waste Laws, and the Managing Member has not received notice of any violations of the Hazardous Waste Laws. The Managing Member covenants and agrees to take all necessary action within its control to ensure that the Project is in compliance with the Hazardous Waste Laws at all times and that the Project remains free from the presence of any Hazardous Substances in, on or under the Project. The Managing Member will promptly deliver any notice it may receive of any violation of the Hazardous Waste Laws to the Investor Member and the Special Member.

(d) The Managing Member agrees to indemnify and hold harmless the Company, the Investor Member, the Special Member, and any member of the Investor Member (the "Indemnified Parties") from and against all claims, actions, causes of action, liability, and expense (including, without limitation, attorneys' fees, court costs, and remedial and response costs) incurred or suffered by, or asserted by any person, entity, or governmental agency against the Indemnified Parties due to breach of the Managing Member of the Company's representations, warranties, or covenants, or a violation of the Hazardous Waste Laws, or the presence of Hazardous Substances in, on, or under the Project. The foregoing indemnification shall be a recourse obligation of the Managing Member and shall (to the full extent permitted by law) survive the dissolution of the Company and the death, dissolution, retirement, incompetency, insolvency, bankruptcy, or withdrawal of the Managing Member.

(e) For purposes of this Agreement, the term "Hazardous Waste Laws" shall mean any governmental requirements pertaining to land use, air, soil, subsoil, surface water, groundwater (including the quality of, protection, clean-up, removal, remediation or damage of or to land, air, soil, subsoil, surface water and groundwater), including, without limitation, the

following laws as the same may be from time to time amended: the Comprehensive Environmental Response Liability and Compensation Act, 42 U.S.C. § 9601, et seq., the Resource Conservation and Recovery Act, 42 U.S.C. §6901, et seq., the Toxic Substances Control Act, 15 U.S.C. § 2601 et seq., the Federal Water Pollution Control Act, 33 U.S.C. §1251 et seq., the Safe Drinking Water Act, 42 U.S.C. § 300f et seq., the Clean Air Act, 42 U.S.C. § 7401 et seq., the Rivers and Harbors Act, 33 U.S.C. § 401 et seq., the Transportation Safety Act of 1974, portions of which are located at 49 U.S.C. § 1801 et seq., the Endangered Species Act, 16 U.S.C. § 1531 et seq., or any so-called "superfund" or "superlien" law, together with any other foreign or domestic laws (federal, state, provincial or local), common law, local rule, regulation (including, without limitation, any future change in judicial or administrative decisions interpreting or applying any of the laws, rules or regulations referred to herein) relating to emissions, discharges, release or threatened releases of any Hazardous Substances into ambient air, land, soil, subsoil, surface water, groundwater, personal property or structures, or otherwise relating to the manufacture, processing distribution, use treatment, storage, disposal, transport, discharge or handling of any Hazardous Substances, now or at any time hereafter in effect.

16.08 Notices. All notices, demands, requests or other communications to be sent by one party to the other hereunder or required by law shall be in writing and shall be deemed to have been validly given or served by delivery of same in person to the addressee or by depositing same with Federal Express (or another nationally recognized overnight delivery service) for next business day delivery or by depositing same in the United States mail, postage prepaid, registered or certified mail, return receipt requested, addressed as follows:

- (a) To the Investor Member:

Housing Equity Fund of Virginia XXI, L.L.C.
c/o Virginia Housing Capital Corporation
1840 West Broad Street, Suite 200
Richmond, Virginia 23220-2151
Attention: Arild O. Trent

with a copy to:

Applegate & Thorne-Thomsen, P.C.
425 S. Financial Place, Suite 1900
Chicago, Illinois 60605
Attention: Diane K. Corbett

- (b) To the Managing Member:

Essex Manor Management, L.L.C.
1173 West Main Street
Abingdon, VA
Attention: Robert Goldsmith

With a copy to:

Curcio & Curcio, PC
600 Cumberland Street
Bristol, Virginia 24203
Attention: Peter Curcio

All notices, demands and requests shall be effective upon such personal delivery or upon being deposited with Federal Express (or another nationally recognized overnight delivery service) or in the United States mail as required above. However, with respect to notices, demands or requests so deposited with Federal Express (or another nationally recognized overnight delivery service) or in the United States mail, the time period in which a response to any such notice, demand or request must be given shall commence to run from the next business day following any such deposit with Federal Express (or another nationally recognized overnight delivery service) or, in the case of a deposit in the United States mail as provided above, the date on the return receipt of the notice, demand or request reflecting the date of delivery or rejection of the same by the addressee thereof. Rejection or other refusal to accept or the inability to deliver because of changed address of which no notice was given shall be deemed to be receipt of the notice, demand or request sent. By giving to the other party hereto at least 30 days' written notice thereof in accordance with the provisions hereof, the parties hereto shall have the right from time to time to change their respective addresses and each shall have the right to specify as its address any other address within the United States of America.

16.09 Headings. All section headings are for convenience only and shall not be taken into consideration in interpreting or otherwise construing this Agreement.

16.10. Pronouns and Plurals. All pronouns and any variations thereof shall be deemed to refer to the masculine, feminine, neuter, singular or plural, as the identity of the person or persons may require.

16.11. VHDA Mortgage Requirements. Notwithstanding any other provision of this Agreement, this limited liability company and the Members shall be subject to regulation and supervision by the Virginia Housing Development Authority ("VHDA") in accordance with the Virginia Housing Development Authority Act, the Rules and Regulations of VHDA, and the Regulatory Agreement executed or to be executed by the Company for the benefit of VHDA and shall be further subject to the exercise by VHDA of the rights and powers conferred on VHDA thereby. Notwithstanding any other provision of this Agreement, VHDA may rely upon the continuing effect of this provision which shall not be amended, altered, waived, supplemented or otherwise changed without the prior written consent of VHDA.

16.12 Additional Restrictions Relating to USDA Loans. Notwithstanding any other provision of this Agreement to the contrary, the following actions shall require the prior written approval of USDA admission of new Members, withdrawal of a Managing Member, admission of

a Managing Member, amendment of this Agreement and selling of all or substantially all of the assets of the Company.

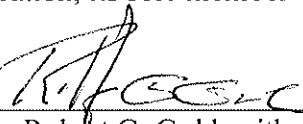
IN WITNESS WHEREOF, the parties have affixed their signatures and seals to this Amended and Restated Operating Agreement of Essex Manor Apartments, L.L.C. as of the date first written above.

220446v.3

MANAGING MEMBER:

Essex Manor Management, L.L.C., a Virginia
limited liability company

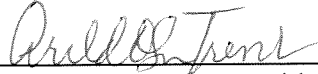
By: People Incorporated Housing Group, a Virginia
corporation, its sole member

By: 
Robert G. Goldsmith, President and CEO

INVESTOR MEMBER:

Housing Equity Fund of Virginia XXI, L.L.C., a
Virginia limited liability company

By: Virginia Housing Capital Corporation, its
managing member

By: 
Arild O. Trent, Vice President

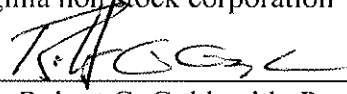
SPECIAL MEMBER:

VAHM, LLC, a Virginia limited liability company

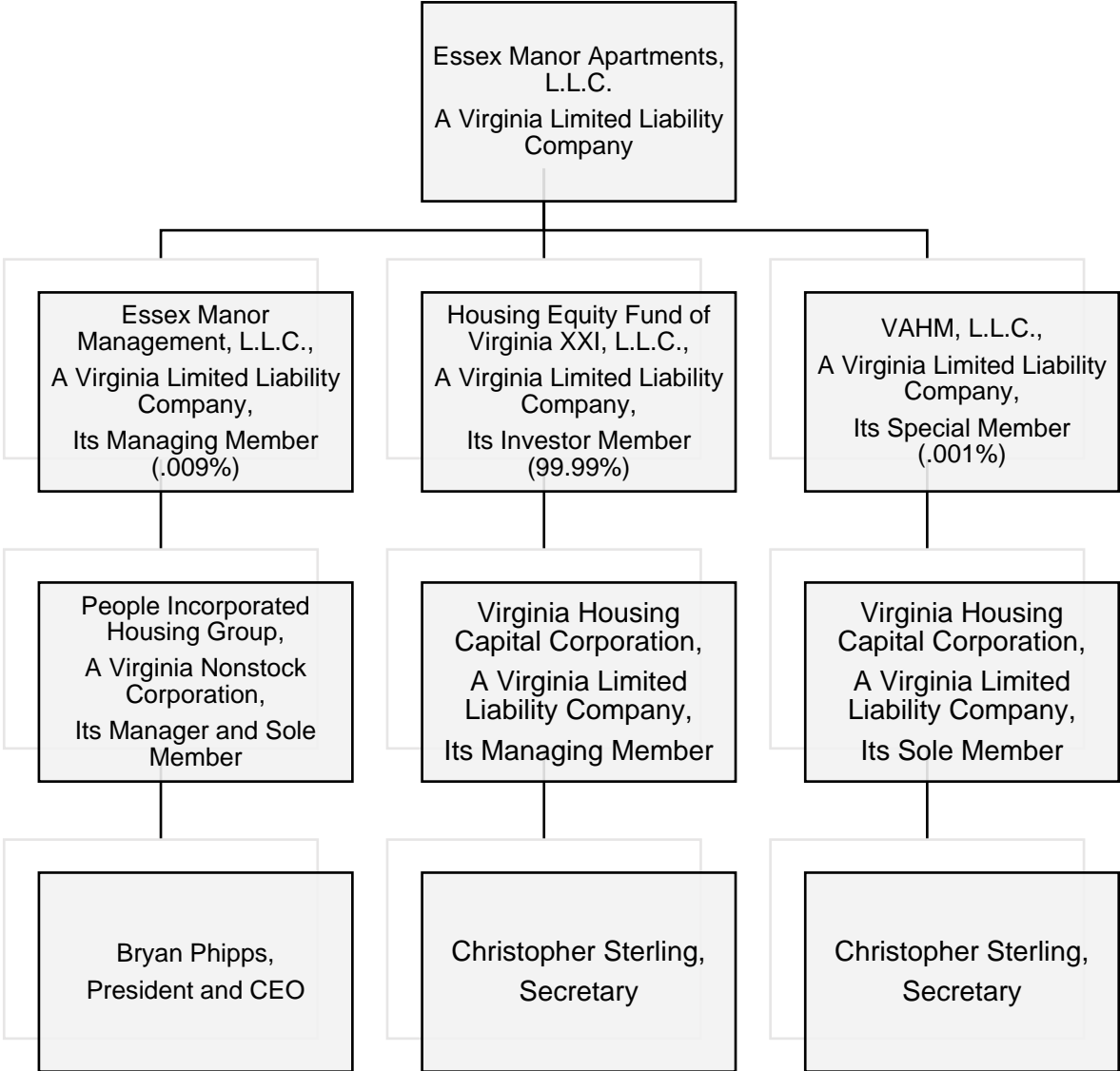
By: 
Arild O. Trent, Vice-President

WITHDRAWING INVESTOR MEMBER:

People Incorporated of Virginia,
a Virginia non stock corporation

By:  _____
Robert G. Goldsmith, President

ESSEX MANOR APARTMENTS – ORGANIZATIONAL CHART



Tab Q:

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



PO Box 26887
Richmond VA 23261-6887
901 Chamberlayne Pkwy
Richmond VA 23220

(O) (804) 780-4200
TTY Dial 7-1-1
info@rrha.com
www.rrha.com

Interim Chief Executive Officer
Stacey Daniels-Fayson

Board of Commissioners
Dr. Basil I. Gooden, Chairman,
Barrett Hardiman, Vice Chairman
Veronica G. Blount
Jonathan Coleman
W.R. "Bill" Johnson, Jr.
Robley S. Jones
Neil Kessler
Charlene Pitchford
Patrice Shelton, CCHWSr

February 22, 2022

Commonwealth Catholic Charities

Attn: Charles Hall
1601 Rolling Hills Drive
Richmond, VA 23229
charles.hall@cccovva.org

RE: RRHA RFP 2021-25 Project Based Vouchers – The Saint Elizabeth Apartments

Dear Mr. Hall:

Thank you for responding to Richmond Redevelopment and Housing Authority's Request for Proposal No. RRHA-RFP-2021-25 for Project Based Vouchers (PBVs) issued on **November 23, 2021**. In response to your proposal, I am pleased to inform you that you have been awarded up to **14** PBVs for the **St. Elizabeth Apts.** project located at **1031 Fourqurean Ln, Richmond VA 23222**. The term of the PBVs will be for 15 years subject to the execution of a HAP contract. This commitment is in effect from March 1, 2022 – March 1, 2024 (two years) subject to your satisfactory compliance with the terms and conditions stipulated in the aforementioned RFP.

In addition, if you indicated in your response to the aforementioned RFP that your project was applying for Low Income Housing Tax Credits (LIHTCs) through Virginia Housing, then this commitment is contingent upon receiving an allocation of Low Income Housing Tax Credits no later than December 31, 2022. If you do not receive an allocation of tax credits or execute the HAP contract by the defined deadlines, you will be required to request PBVs from RRHA by any open available method, i.e. a future RFP for competitive award of PBVs.

Congratulations on receiving this commitment. We look forward to working with you. If you have any additional questions, you may contact me by e-mail at arthur.walker@rrha.com

Sincerely,

Arthur J. Walker, CPPO
Director of Procurement and Contract Administration

CC: Kenyatta Green, RRHA





FY 2022 FAIR MARKET RENT DOCUMENTATION SYSTEM

The FY 2022 Richmond, VA MSA FMRs for All Bedroom Sizes

Final FY 2022 & Final FY 2021 FMRs By Unit Bedrooms					
Year	Efficiency	One-Bedroom	Two-Bedroom	Three-Bedroom	Four-Bedroom
FY 2022 FMR	\$1,022	\$1,044	\$1,189	\$1,556	\$1,864
FY 2021 FMR	\$993	\$1,020	\$1,163	\$1,538	\$1,840

Richmond city, VA is part of the Richmond, VA MSA, which consists of the following counties: Amelia County, VA; Charles City County, VA; Chesterfield County, VA; Dinwiddie County, VA; Goochland County, VA; Hanover County, VA; Henrico County, VA; King William County, VA; New Kent County, VA; Powhatan County, VA; Prince George County, VA; Sussex County, VA; Colonial Heights city, VA; Hopewell city, VA; Petersburg city, VA; and Richmond city, VA. All information here applies to the entirety of the Richmond, VA MSA.

Fair Market Rent Calculation Methodology

— [Show/Hide Methodology Narrative](#) —

Fair Market Rents for metropolitan areas and non-metropolitan FMR areas are developed as follows:

1. 2015-2019 5-year American Community Survey (ACS) estimates of 2-bedroom adjusted standard quality gross rents calculated for each FMR area are used as the new basis for FY2022 provided the estimate is statistically reliable. For FY2022, the test for reliability is whether the margin of error for the estimate is less than 50% of the estimate itself and whether the ACS estimate is based on at least 100 survey cases. HUD does not receive the exact number of survey cases, but rather a categorical variable known as the count indicator indicating a range of cases. An estimate based on at least 100 cases corresponds to a count indicator of 4 or higher.

If an area does not have a reliable 2015-2019 5-year, HUD checks whether the area has had at least minimally reliable estimate in any of the past 3 years, or estimates that meet the 50% margin of error test described above. If so, the FY2022 base rent is the average of the inflated ACS estimates.

If an area has not had a minimally reliable estimate in the past 3 years, the estimate State for the area's corresponding metropolitan area (if applicable) or State non-metropolitan area is used as the basis for FY2022.

2. HUD calculates a recent mover adjustment factor by comparing a 2019 1-year 40th percentile recent mover 2-bedroom rent to the 2015-2019 5-year 40th percentile adjusted standard quality gross rent. If either the recent mover and non-recent mover rent estimates are not reliable, HUD uses the recent mover adjustment for a larger geography. For metropolitan areas, the order of geographies examined is: FMR Area, Entire Metropolitan Area (for Metropolitan Sub-Areas), State Metropolitan Portion, Entire State, and Entire US; for non-metropolitan areas, the order of geographies examined is: FMR Area, State Non-Metropolitan Portion, Entire State, and Entire US. The recent mover adjustment factor is floored at one.
3. HUD calculates the appropriate recent mover adjustment factor between the 5-year data and the 1-year data.
4. In order to calculate rents that are "as of" 2020, HUD calculates the relevant (regional or local) change in gross rent Consumer Price Index (CPI) from annual 2019 to annual 2020.
5. To further inflate rents from 2020 to FY2022, HUD uses a "trend factor" based on the forecast of gross rent changes through FY2022.
6. HUD multiplies the base rent by the recent mover factor, the gross rent CPI, and the trend factor to produce a rent that is "as of" the current fiscal year.
7. FY2022 FMRs are then compared to a State minimum rent, and any area whose preliminary FMR falls below this value is raised to the level of the State minimum.
8. HUD calculates "bedroom ratios" and multiplies these by the two-bedroom rent to produce preliminary FMRs for unit sizes other than two bedrooms.
9. FY2022 FMRs may not be less than 90% of FY2021 FMRs. Therefore, HUD applies "floors" based on the prior year's FMRs.

The results of the Fair Market Rent Step-by-Step Process

1. The following are the 2019 American Community Survey 5-year 2-Bedroom Adjusted Standard Quality Gross Rent estimate and margin of error for Richmond, VA MSA.

Area	ACS₂₀₁₉ 5-Year 2-Bedroom Adjusted Standard Quality Gross Rent	ACS₂₀₁₉ 5-Year 2-Bedroom Adjusted Standard Quality Gross Rent Margin of Error	Ratio	Sample Size Category	Result
Richmond,	<u>\$1,025</u>	\$11	\$11 /	6	0.011 <

VA MSA	\$1,025=0.011	.5 6 ≥ 4 Use ACS ₂₀₁₉ 5-Year Richmond, VA MSA 2- Bedroom Adjusted Standard Quality Gross Rent
--------	---------------	--

Since the ACS₂₀₁₉ Margin of Error Ratio is less than .5, the ACS₂₀₁₉ Richmond, VA MSA value is used for the estimate of 2-Bedroom Adjusted Standard Quality Gross Rent:

Area	FY2022 Base Rent
Richmond, VA MSA	\$1,025

2. A recent mover adjustment factor is applied based on the smallest area of geography which contains Richmond, VA MSA and has an ACS₂₀₁₉ 1-year Adjusted Standard Quality Recent-Mover estimate with a Margin of Error Ratio that is less than .5.

Area	ACS ₂₀₁₉ 1-Year Adjusted Standard Quality Recent-Mover Gross Rent	ACS ₂₀₁₉ 1-Year Adjusted Standard Quality Recent-Mover Gross Rent Margin of Error	Ratio	Sample Size Category	Result
Richmond, VA MSA – 2 Bedroom	<u>\$1,105</u>	\$36	0.033	6	0.033 < .5 6 ≥ 4 Use ACS ₂₀₁₉ 1-Year Richmond, VA MSA 2- Bedroom Adjusted Standard Quality Recent-Mover Gross Rent

The smallest area of geography which contains Richmond, VA MSA and has an ACS₂₀₁₉ 1-year Adjusted Standard Quality Recent-Mover estimate with a Margin of Error Ratio that is less than .5 and with a sufficient number of sample cases is Richmond, VA MSA.

3. The calculation of the relevant Recent-Mover Adjustment Factor for Richmond, VA MSA is as follows:

ACS ₂₀₁₉ 5-Year Area	ACS ₂₀₁₉ 5-Year 40th Percentile Adjusted Standard Quality Gross Rent	ACS ₂₀₁₉ 1-Year 40th Percentile Adjusted Standard Quality Recent-Mover Gross Rent
Richmond, VA MSA – 2 Bedroom	\$1,025	\$1,105

Area	Ratio	Recent-Mover Adjustment Factor
Richmond, VA MSA	\$1,105 / \$1,025 = 1.078	1.078 ≥ 1.0 Use calculated Recent-Mover Adjustment Factor of 1.078

4. The calculation of the relevant CPI Update Factors for Richmond, VA MSA is as follows: HUD updates the 2019 intermediate rent with the ratio of the annual 2020 local or regional CPI to the annual 2019 local or regional CPI to establish rents as of 2020.

	Update Factor	Type
CPI Update Factor	1.0292	Region CPI

5. The calculation of the Trend Factor is as follows: HUD forecasts the change in national gross rents from 2020 to 2022 for each CPI area and Census Region. This makes Fair Market Rents "as of" FY2022.

Trend Factor	Trend Factor Type
1.0453	Region

6. The FY 2022 2-Bedroom Fair Market Rent for Richmond, VA MSA is calculated as follows:

Area	ACS ₂₀₁₉ 5-Year Estimate	Recent-Mover Adjustment Factor	Annual 2019 to 2020 CPI Adjustment	Trending 1.0453 to FY2022	FY 2022 2-Bedroom FMR
Richmond, VA MSA	\$1,025	1.07805	1.02916	1.04530	\$1,025 * 1.07805 * 1.02916 * 1.04530 = \$1,189

7. In keeping with HUD policy, the preliminary FY 2022 FMR is checked to ensure that it does not fall below the state minimum.

Area	Preliminary FY2022	FY 2022 Virginia	Final FY2022 2-Bedroom

	2-Bedroom FMR	State Minimum	FMR
Richmond, VA MSA	\$1,189	<u>\$702</u>	\$1,189 ≥ \$702 Use Richmond, VA MSA FMR of \$1,189

8. Bedroom ratios are applied to calculate FMRs for unit sizes other than two bedrooms.

Click on the links in the table to see how the bedroom ratios are calculated.

FY 2022 FMRs By Unit Bedrooms					
	<u>Efficiency</u>	<u>One-Bedroom</u>	<u>Two-Bedroom</u>	<u>Three-Bedroom</u>	<u>Four-Bedroom</u>
FY 2022 FMR	\$1,022	\$1,044	\$1,189	\$1,556	\$1,864

9. The FY2022 FMR must not be below 90% of the FY2021 FMR.

	Efficiency	One-Bedroom	Two-Bedroom	Three-Bedroom	Four-Bedroom
FY2021 FMR	\$993	\$1,020	\$1,163	\$1,538	\$1,840
FY2021 floor	\$894	\$918	\$1,047	\$1,385	\$1,656
FY 2022 FMR	\$1,022	\$1,044	\$1,189	\$1,556	\$1,864
Use FY2021 floor for FY2022?	No	No	No	No	No

Final FY2022 Rents for All Bedroom Sizes for Richmond, VA MSA

The following table shows the Final FY 2022 FMRs by bedroom sizes.

Final FY 2022 FMRs By Unit Bedrooms					
	Efficiency	One-Bedroom	Two-Bedroom	Three-Bedroom	Four-Bedroom
Final FY 2022 FMR	\$1,022	\$1,044	\$1,189	\$1,556	\$1,864

The FMRs for unit sizes larger than four bedrooms are calculated by adding 15 percent to the four bedroom FMR, for each extra bedroom. For example, the FMR for a five bedroom unit is 1.15 times the four bedroom FMR, and the FMR for a six bedroom unit is 1.30 times the four bedroom FMR. FMRs for single-room occupancy units are 0.75 times the zero bedroom (efficiency) FMR.

Permanent link to this page:

http://www.huduser.gov/portal/datasets/fmr/fmrs/FY2022_code/2022summary.odn?&year=2022&fmrtype=Final&selection_type=county&fips=5176099999

Other HUD Metro FMR Areas in the Same MSA

Select another Final FY 2022 HUD Metro FMR Area that is a part of the Richmond, VA:

King and Queen County, VA HUD Metro FMR Area ▼

Select Metropolitan FMR Area

Select a different area

Press below to select a different county within the same state (same primary state for metropolitan areas):

- Accomack County, VA
- Albemarle County, VA
- Alexandria city, VA
- Alleghany County, VA
- Amelia County, VA

Select a new county

Press below to select a different state:

Select a new state

Select a Final FY 2022 Metropolitan FMR Area:

Richmond, VA MSA ▼

Select Metropolitan FMR Area

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 [HUD LIHTC Database](#)

Prepared by the [Program Parameters and Research Division](#), HUD. Technical problems or questions? [Contact Us](#).




If you would like to engage Novogradac & Company LLP to calculate the rent & income limits for your property, please contact Thomas Stagg at thomas.stagg@novoco.com.

Click on the  icons below to view historical charts.

Program and Location Information

HUD Published Income Limits for 2021 (with no adjustments)

Display Income Limits Hide Income Limits

Affordable Housing Program	IRS Section 42 Low-Income Housing Tax Credit (LIHTC)
Year ⁽¹⁾⁽²⁾	2021 (effective 04/01/21)
State	VA
County	Richmond city
MSA	Richmond, VA MSA
Persons / Bedroom	1.5 Person / Bedroom
4-person AMI 	\$90,000
National Non-Metropolitan Median Income ⁽³⁾⁽⁴⁾	\$63,400
Hold Harmless ⁽⁶⁾	You have indicated that your project was placed in service on or after 04/01/2021 and is therefore eligible to have its income and rent limit held harmless beginning with the 2021 limits.
Placed in Service Date ⁽⁷⁾	On or after 04/01/2021.

LIHTC Income Limits for 2021
(Based on 2021 MTSP Income Limits)

	Charts	60.00%	30.00%	50.00%	60.00%	140.00%
1 Person		37,800	18,900	31,500	37,800	52,920
2 Person		43,200	21,600	36,000	43,200	60,480
3 Person		48,600	24,300	40,500	48,600	68,040
4 Person		54,000	27,000	45,000	54,000	75,600
5 Person		58,320	29,160	48,600	58,320	81,648
6 Person		62,640	31,320	52,200	62,640	87,696
7 Person		66,960	33,480	55,800	66,960	93,744
8 Person		71,280	35,640	59,400	71,280	99,792
9 Person		75,600	37,800	63,000	75,600	105,840
10 Person		79,920	39,960	66,600	79,920	111,888
11 Person		84,240	42,120	70,200	84,240	117,936
12 Person		88,560	44,280	73,800	88,560	123,984

LIHTC Rent Limits for 2021
(Based on 2021 MTSP/VLI Income Limits)

Bedrooms (People)	Charts	60.00%	30.00%	50.00%	60.00%	FMR
Efficiency (1.0)		945	472	787	945	993
1 Bedroom (1.5)		1,012	506	843	1,012	1,020
2 Bedrooms (3.0)		1,215	607	1,012	1,215	1,163
3 Bedrooms (4.5)		1,404	702	1,170	1,404	1,538
4 Bedrooms (6.0)		1,566	783	1,305	1,566	1,840
5 Bedrooms (7.5)		1,728	864	1,440	1,728	

LIHTC Rent Limits With Utility Allowance Reduction for 2021
(Based on 2021 MTSP/VLI Income Limits)

Bedrooms (People)	60.00%	30.00%	50.00%	60.00%	U/A Entered by User
Efficiency (1.0)	831	358	673	831	114
1 Bedroom (1.5)	874	368	705	874	138
2 Bedrooms (3.0)	1,043	435	840	1,043	172
3 Bedrooms (4.5)	1,197	495	963	1,197	207
4 Bedrooms (6.0)	1,566	783	1,305	1,566	0
5 Bedrooms (7.5)	1,728	864	1,440	1,728	0

Before using the numbers from the Rent & Income Limit Calculator®, we strongly recommend that you check with the applicable state housing agency to verify that the state agrees with the numbers. The numbers round down to the nearest \$1.

Please note the following for households over 8 people. Per the HUD briefing material “HUD does not include income limits for families with more than eight persons in the printed lists because of space limitations. For each person over eight-persons, the four-person income limit should be multiplied by an additional 8 percent. (For example, the nine-person limit equals 140 percent [132 + 8] of the relevant four-person income limit.) HUD rounds income limits up to the nearest \$50. Local agencies may round income limits for nine or more persons to the nearest \$50, or they may use the un-rounded numbers.” To account for areas that may round to the nearest \$50, the calculator also rounds to the nearest \$50 for these household sizes as this will always result in a lower amount than rounding up. If you are qualifying a household over 8 people please check with your local agency for what their policy is in relation to rounding.

[Revenue Ruling 89-24](#) require that the LIHTC rent & income levels start their calculations with the HUD published very low-income (VLI) amounts because the HUD published VLI amounts include certain HUD adjustments, such as high housing cost for high FMR areas to increase income, and state non-metropolitan median income to provide a floor for income limits. The result is that many counties have VLI amounts that are different than 50% of the AMI published by HUD (the 4-person AMGI we have shown above). Please see this [blog post](#) for more information about the HUD adjustments. The Novogradac Rent & Income Calculator® starts by default with the HUD published VLI amounts in accordance with [Revenue Ruling 89-24](#).

(1) The rent and income limits for each year are effective beginning with the effective date shown above. There is a grace period for 45 days from the release of income limits to implement the new rent and income limits, which means that the old limits can be relied upon for 45 days after the release date of the new limits. For example income limits effective 12/04/2012, can be relied on until 1/17/2013. For more information, see [Revenue Ruling 94-57](#).

[IRS LIHC Newsletter #48](#) and [IRS LIHC Newsletter #50](#) clarify that for projects placed in service during the 45-day grace period, the owner may choose the new or the old income limits. For example, if a project was placed in service on 1/8/2013 and the 2012 income limits are higher than the 2013 income limits, an owner may use the higher income limits from 2012 to income qualify tenants and set rents accordingly because the project was placed in service with the 45-day grace period.

Please note, the Rent & Income Limit Calculator® does not apply a 45-day grace period automatically. The user needs to indicate that the placed in service date and/or gross rent floor date occurred 45 days earlier (in the prior HUD Fiscal Year) if they want to apply the 45-day rule under [Revenue Ruling 94-57](#) that allows owners to rely on the prior year. Therefore, projects that were placed in service during the 45-day grace period, and want to use the prior year, should select that they were placed in service as of the prior year. For example, if a project placed in service on 1/8/2013, and the project wanted to use the 45-day grace period, the user should select that their project was in service prior to 12/4/2012. Similarly, projects that have a gross rent floor effective as of the carryover allocation date (or reservation letter date for bond projects) during the 45-day grace period, and want to use the prior year, should select that the gross rent floor was effective as of the prior year. For example, if a project received a carryover allocation letter on 1/8/2013, and the owner did not elect placed in service date as the gross rent floor, and the project wanted to use the 45-day grace period, the user should select that their gross rent floor was effective prior to 12/4/2012.

(2) For HUD FY 2013 HUD originally issued income limits on December 4, 2012 then issued revised income limits on December 11, 2012. In [IRS LIHC Newsletter #50](#), the IRS has stated that the effective date for the revised FY 2013 income limits is December 4, 2012. Based on this guidance, the Rent & Income Limit Calculator® uses December 4, 2013 for the effective date for the revised FY 2013 limits. Please see [IRS LIHC Newsletter #50](#) for more detail.

(3) An area may lose its rural area status. There is no clear guidance that a project is held harmless at the national non-metropolitan income limits when an area loses its rural status. The Rent & Income Limit Calculator® assumes that a project that is not indicated as rural in the current year was also not rural in the prior year, and therefore, does not receive hold harmless treatment based on the prior year national non-metro amount.

Please consult your state agency and tax advisor for further clarification.

(4) USDA may change their determination of what projects qualify as rural during the course of a year. Please periodically check with USDA to determine the continued rural eligibility of your project.

The national non-metropolitan median income has been adjusted for household size based on the family size adjustments outlined in the HUD Briefing Materials and as shown in each year's [HUD FAQ](#). The IRS did not specify whether or not to round to the nearest \$50, however, the Rent & Income Limit Calculator® will round to the nearest \$50 in accordance with the methodology referenced in HUD Briefing Materials.

(5) A project uses HERA Special if income was determined prior to 1/1/2009 and the project is in a HERA Special county. A project's income limits are held harmless at the prior year income limits if income was determined in the prior year or earlier and the income limits have decreased. Please note that the IRS has informally indicated that the definition of "determined" for purposes of the HERA Special and MTSP Hold Harmless income limits means that a

project was placed in service. Please see [IRS LIHC Newsletter #35](#) for more information about "determined" and projects with buildings that were placed in service before and after HUD income limit effective dates. Therefore, projects placed in service prior to 1/1/2009 are generally eligible for HERA Special. Please see footnote 7 for information about acquisition/rehabilitation projects.

(6) Internal Revenue Code Section 142(d)(2)(i) indicates that hold harmless applies on a calendar year. The Rent & Income Limit Calculator© assumes that "calendar year" in the hold harmless rule means the HUD Fiscal Year. For example, the 2009 calendar year means the HUD Fiscal Year from 3/19/2009 through 5/13/2010. In other words, the Rent & Income Limit Calculator© assumes that "calendar year" in the hold harmless rule means the highest income level achieved during any HUD Fiscal Year.

The Rent & Income Limit Calculator© assumes that a rural project will receive hold harmless treatment at the national non-metro amount based on the prior year national non-metro amount if the national non-metro median income were to fall from year to year. If a rural project qualifies for HERA Special and the HERA Special is higher than the national non-metro, then the HERA Special amount will be used. Please note that the IRS has not issued guidance that specifically allows hold harmless treatment at the national non-metro amount for rural projects, however, Internal Revenue Code 42(g)(4) by reference to Internal Revenue Code 142(d)(2)(E) implies that hold harmless treatment would apply at the national non-metro amount for rural projects. Please consult your tax advisor for further clarification.

(7) Please note that for acquisition/rehabilitation projects, the IRS guidance indicates that income and rent limits are determined at the later of the acquisition date or when management begins income-qualifying households in the project. For example, if a project was acquired in 2011, the rehabilitation was placed-in-service in 2012, and management began income-qualifying households in 2011 then the project would be considered placed in service in 2011 for income and rent purposes. If a project was acquired in 2011, the rehabilitation was placed-in-service in 2012, and management began income-qualifying households when the rehabilitation placed-in-service in 2012, then the project would be considered placed in service in 2012 for income and rent purposes. Please see [IRS LIHC Newsletter #35](#) for more detail. Please consult your tax advisor for further clarification.

(8) [Revenue Procedure 94-57](#) gives guidance on the gross rent floor election.

Tax credit projects without bond financing:

"The Internal Revenue Service will treat the gross rent floor in section 42(g)(2)(A) as taking effect on the date an Agency initially allocates a housing credit dollar amount to the building [generally referred to as the 42M letter] under section 42(h)(1). However, the Service will treat the gross rent floor as taking effect on a building's placed in service date if the building owner designates that date as the date on which the gross rent floor will take effect for the building. An owner must make this designation to use the placed in service date and inform the Agency that made the allocation to the building no later than the date on which the building is placed in service."

Tax credit projects with bond financing:

"The Service will treat the gross rent floor as taking effect on a building's placed in service date if the building owner designates that date as the date on which the gross rent floor will take effect for the building. An owner must make this designation to use the placed in service date and inform the Agency that issued the determination letter to the building no later than the date on which the building is placed in service."

(9) The Rent & Income Limit Calculator© assumes all buildings in a project have a rent floor effective date under [Revenue Procedure 94-57](#) in the same HUD Fiscal Year. However, if your buildings have rent floor effective dates under [Revenue Procedure 94-57](#) in different HUD Fiscal Years, then you should run the calculator separately for each group of buildings in a particular HUD Fiscal Year.

The Rent & Income Limit Calculator© assumes that different AMGI limits (40%, 35%, 30%, etc.) chosen by the user will also have a rent floor election under [Revenue Procedure 94-57](#) from the same HUD Fiscal Year that applies to the federal level of 50% or 60%.

(10) The Consolidated Appropriations Act of 2014 changed how the 30% income limits is calculated. The 30% limit, which is now called the extremely low income limit, is determined by taking the greater of the 30% income limit as calculated by HUD or the poverty level as determined by the Department of Health and Human Services, which is then capped at the 50% Very Low Income Limit ('VLI') published by HUD. HUD has only published the data up to 8 people. For household sizes above 8 people please visit the following website:
<https://www.huduser.gov/portal/datasets/mtsp.html>

Terms of Use:

Utility allowances are inputted by the user and are not reviewed or verified by Novogradac & Company LLP. Novogradac & Company LLP provides no assurance of the accuracy of the particular results you may obtain from the Rent & Income Limit Calculator©; which is designed only to be a quick reference tool and is no substitute for professional tax and accounting advice. The Rent & Income Limit Calculator© should not be used for any final financial decisions. IRS guidelines and actual HUD amounts should be used for any final decisions. Novogradac & Company LLP does not guarantee the accuracy of the amounts shown above. As consideration for your use of this tool, free of any requirement to pay any related monetary compensation to

Novogradac & Company LLP, you agree to hold Novogradac & Company LLP harmless from any damages and claims related to use of the Rent & Income Limit Calculator©. If you do not agree with the terms of this paragraph, you may not use the Rent & Income Limit Calculator©.

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Tab R:

Documentation of Operating Budget and Utility Allowances

Tab R:

Documentation of Operating Budget and Utility Allowances

Saint Elizabeth Apartments Application 2023-ASH-06

The Saint Elizabeth Apartments operating budget was developed by Commonwealth Catholic Charities Housing Corporation and Vibrant Communities Drive Change through analysis of comparable new construction multifamily developments in the Richmond region. CCCHC also consulted local property management firms including Habitat America and Enterprise Residential to review our Operating Budget assumptions and provide staffing and wage rate guidance.

The Saint Elizabeth Apartments is utilizing two separate utility allowances, the first from the U.S. Department of Housing and Urban Development (HUD) – Richmond Redevelopment & Housing Authority (RRHA), and the second from Viridiant. Eight (8) of the units will receive a Project Based Voucher from RRHA and thus the HUD/RRHA UA will apply. The remaining forty-four (44) units will utilize the Viridiant Utility Allowance.

M. OPERATING EXPENSES

Administrative:

Use Whole Numbers Only!

1. Advertising/Marketing			\$3,000
2. Office Salaries			\$0
3. Office Supplies			\$2,500
4. Office/Model Apartment	(type _____)		\$0
5. Management Fee			\$42,000
	6.80% of EGI	\$750.00	Per Unit
6. Manager Salaries			\$75,000
7. Staff Unit (s)	(type _____)		\$0
8. Legal			\$4,000
9. Auditing			\$8,000
10. Bookkeeping/Accounting Fees			\$3,000
11. Telephone & Answering Service			\$5,000
12. Tax Credit Monitoring Fee			\$2,500
13. Miscellaneous Administrative			\$18,720
Total Administrative			\$163,720

Utilities

14. Fuel Oil			\$0
15. Electricity			\$3,500
16. Water			\$3,000
17. Gas			\$0
18. Sewer			\$3,000
Total Utility			\$9,500

Operating:

19. Janitor/Cleaning Payroll			\$0
20. Janitor/Cleaning Supplies			\$1,000
21. Janitor/Cleaning Contract			\$10,000
22. Exterminating			\$6,000
23. Trash Removal			\$6,000
24. Security Payroll/Contract			\$0
25. Grounds Payroll			\$0
26. Grounds Supplies			\$5,000
27. Grounds Contract			\$10,000
28. Maintenance/Repairs Payroll			\$0
29. Repairs/Material			\$7,500
30. Repairs Contract			\$15,000
31. Elevator Maintenance/Contract			\$0
32. Heating/Cooling Repairs & Maintenance			\$3,500
33. Pool Maintenance/Contract/Staff			\$0
34. Snow Removal			\$2,000
35. Decorating/Payroll/Contract			\$7,800
36. Decorating Supplies			\$0
37. Miscellaneous			\$0
Totals Operating & Maintenance			\$73,800

M. OPERATING EXPENSES

Taxes & Insurance

38. Real Estate Taxes	\$105,000
39. Payroll Taxes	\$0
40. Miscellaneous Taxes/Licenses/Permits	\$0
41. Property & Liability Insurance	\$22,875
42. Fidelity Bond	\$0
43. Workman's Compensation	\$0
44. Health Insurance & Employee Benefits	\$20,333
45. Other Insurance	\$0
Total Taxes & Insurance	\$148,208

Total Operating Expense	\$395,228
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Total Operating Expenses Per Unit	\$7,058	C. Total Operating Expenses as % of EGI	63.98%
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Replacement Reserves (Total # Units X \$300 or \$250 New Const. Elderly Minimum)	\$16,800
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Total Expenses	\$412,028
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ACTION: Provide Documentation of Operating Budget at **Tab R** if applicable.

Allowances for Tenant-Furnished Utilities and Other Services

U.S. Department of Housing and Urban Development
Office of Public and Indian Housing



Locality		Green Discount	Unit Type			Weather Code	Date
Richmond Area 2021		None	Lowrise Apartment (2-4 units)			VA007	2021-09-07
Utility/Service		Monthly Dollar Allowances					
		0 BR	1 BR	2 BR	3 BR	4 BR	5 BR
Space Heating	Natural Gas	\$29	\$34	\$36	\$38	\$40	\$42
	Bottle Gas	\$90	\$106	\$113	\$121	\$128	\$136
	Electric Resistance	\$20	\$24	\$28	\$32	\$37	\$42
	Electric Heat Pump	\$16	\$19	\$21	\$22	\$23	\$26
	Fuel Oil	\$61	\$72	\$77	\$82	\$87	\$92
Cooking	Natural Gas	\$3	\$3	\$5	\$7	\$8	\$10
	Bottle Gas	\$9	\$10	\$15	\$19	\$24	\$28
	Electric	\$5	\$6	\$8	\$10	\$13	\$15
	Other						
Other Electric	\$22	\$25	\$35	\$45	\$55	\$65	
Air Conditioning	\$8	\$9	\$13	\$17	\$21	\$25	
Water Heating	Natural Gas	\$8	\$10	\$14	\$19	\$22	\$26
	Bottle Gas	\$24	\$29	\$42	\$54	\$67	\$80
	Electric	\$14	\$17	\$21	\$26	\$30	\$33
	Fuel Oil	\$17	\$20	\$28	\$37	\$46	\$54
Water	\$24	\$26	\$38	\$57	\$77	\$96	
Sewer		\$37	\$52	\$74	\$97	\$120	
Electric Fee	\$7	\$7	\$7	\$7	\$7	\$7	
Natural Gas Fee	\$16	\$16	\$16	\$16	\$16	\$16	
Fuel Oil Fee							
Bottled Gas Fee							
Trash Collection		\$20	\$20	\$20	\$20	\$20	
Range/Microwave	\$15	\$15	\$15	\$15	\$15	\$15	
Refrigerator	\$20	\$20	\$20	\$20	\$20	\$20	
Other – specify							

Allowances for Tenant-Furnished Utilities and Other Services

U.S. Department of Housing and Urban Development
Office of Public and Indian Housing



Locality		Green Discount	Unit Type			Weather Code	Date
Richmond Area 2021		None	Single Family Attached			VA007	2021-09-07
Utility/Service		Monthly Dollar Allowances					
		0 BR	1 BR	2 BR	3 BR	4 BR	5 BR
Space Heating	Natural Gas	\$24	\$28	\$31	\$34	\$37	\$41
	Bottle Gas	\$73	\$86	\$97	\$108	\$120	\$131
	Electric Resistance	\$20	\$24	\$28	\$32	\$37	\$42
	Electric Heat Pump	\$15	\$18	\$20	\$21	\$22	\$24
	Fuel Oil	\$50	\$59	\$66	\$74	\$81	\$89
Cooking	Natural Gas	\$3	\$3	\$5	\$7	\$8	\$10
	Bottle Gas	\$9	\$10	\$15	\$19	\$24	\$28
	Electric	\$5	\$6	\$8	\$10	\$13	\$15
	Other						
Other Electric		\$22	\$26	\$37	\$47	\$57	\$67
Air Conditioning		\$7	\$8	\$14	\$21	\$27	\$33
Water Heating	Natural Gas	\$8	\$10	\$14	\$19	\$22	\$26
	Bottle Gas	\$24	\$29	\$42	\$54	\$67	\$80
	Electric	\$14	\$17	\$21	\$26	\$30	\$33
	Fuel Oil	\$17	\$20	\$28	\$37	\$46	\$54
Water		\$24	\$26	\$38	\$57	\$77	\$96
Sewer		\$34	\$37	\$52	\$74	\$97	\$120
Electric Fee		\$7	\$7	\$7	\$7	\$7	\$7
Natural Gas Fee		\$16	\$16	\$16	\$16	\$16	\$16
Fuel Oil Fee							
Bottled Gas Fee							
Trash Collection		\$20	\$20	\$20	\$20	\$20	\$20
Range/Microwave		\$15	\$15	\$15	\$15	\$15	\$15
Refrigerator		\$20	\$20	\$20	\$20	\$20	\$20
Other – specify							

Allowances for Tenant-Furnished Utilities and Other Services

U.S. Department of Housing and Urban Development
Office of Public and Indian Housing



Locality		Green Discount	Unit Type			Weather Code	Date
Richmond Area 2021		None	Single Family House			VA007	2021-09-07
Utility/Service		Monthly Dollar Allowances					
		0 BR	1 BR	2 BR	3 BR	4 BR	5 BR
Space Heating	Natural Gas	\$26	\$30	\$34	\$38	\$42	\$46
	Bottle Gas	\$80	\$94	\$107	\$121	\$134	\$147
	Electric Resistance	\$30	\$35	\$38	\$41	\$46	\$51
	Electric Heat Pump	\$18	\$20	\$23	\$24	\$26	\$29
	Fuel Oil	\$54	\$64	\$73	\$82	\$91	\$100
Cooking	Natural Gas	\$3	\$3	\$5	\$7	\$8	\$10
	Bottle Gas	\$9	\$10	\$15	\$19	\$24	\$28
	Electric	\$5	\$6	\$8	\$10	\$13	\$15
	Other						
Other Electric		\$26	\$31	\$42	\$54	\$66	\$78
Air Conditioning		\$5	\$6	\$15	\$24	\$32	\$41
Water Heating	Natural Gas	\$8	\$10	\$14	\$19	\$22	\$26
	Bottle Gas	\$24	\$29	\$42	\$54	\$67	\$80
	Electric	\$14	\$17	\$21	\$26	\$29	\$33
	Fuel Oil	\$17	\$20	\$28	\$37	\$46	\$54
Water		\$24	\$26	\$38	\$57	\$77	\$96
Sewer		\$34	\$37	\$52	\$74	\$97	\$120
Electric Fee		\$7	\$7	\$7	\$7	\$7	\$7
Natural Gas Fee		\$16	\$16	\$16	\$16	\$16	\$16
Fuel Oil Fee							
Bottled Gas Fee							
Trash Collection		\$20	\$20	\$20	\$20	\$20	\$20
Range/Microwave		\$15	\$15	\$15	\$15	\$15	\$15
Refrigerator		\$20	\$20	\$20	\$20	\$20	\$20
Other – specify							

Allowances for Tenant-Furnished Utilities and Other Services

U.S. Department of Housing and Urban Development
Office of Public and Indian Housing



Locality		Green Discount	Unit Type			Weather Code	Date
Richmond Area 2021		None	Manufactured			VA007	2021-09-07
Utility/Service		Monthly Dollar Allowances					
		0 BR	1 BR	2 BR	3 BR	4 BR	5 BR
Space Heating	Natural Gas	\$22	\$25	\$29	\$32	\$35	\$39
	Bottle Gas	\$68	\$80	\$91	\$103	\$114	\$125
	Electric Resistance	\$32	\$37	\$36	\$35	\$36	\$37
	Electric Heat Pump	\$15	\$17	\$19	\$20	\$22	\$24
	Fuel Oil	\$46	\$54	\$62	\$70	\$77	\$85
Cooking	Natural Gas	\$3	\$3	\$5	\$7	\$8	\$10
	Bottle Gas	\$9	\$10	\$15	\$19	\$24	\$28
	Electric	\$5	\$6	\$8	\$10	\$13	\$15
	Other						
Other Electric		\$26	\$31	\$42	\$54	\$66	\$78
Air Conditioning		\$7	\$8	\$14	\$20	\$26	\$32
Water Heating	Natural Gas	\$8	\$10	\$14	\$19	\$22	\$26
	Bottle Gas	\$24	\$29	\$42	\$54	\$67	\$80
	Electric	\$14	\$17	\$21	\$26	\$29	\$33
	Fuel Oil	\$17	\$20	\$28	\$37	\$46	\$54
Water		\$24	\$26	\$38	\$57	\$77	\$96
Sewer		\$34	\$37	\$52	\$74	\$97	\$120
Electric Fee		\$7	\$7	\$7	\$7	\$7	\$7
Natural Gas Fee		\$16	\$16	\$16	\$16	\$16	\$16
Fuel Oil Fee							
Bottled Gas Fee							
Trash Collection		\$20	\$20	\$20	\$20	\$20	\$20
Range/Microwave		\$15	\$15	\$15	\$15	\$15	\$15
Refrigerator		\$20	\$20	\$20	\$20	\$20	\$20
Other – specify							

Allowances for Tenant-Furnished Utilities and Other Services

U.S. Department of Housing and Urban Development
Office of Public and Indian Housing



Locality		Green Discount	Unit Type		Weather Code	Date	
Richmond Area 2021		None	Large Apartment (5+ units)		VA007	2021-09-07	
Utility/Service		Monthly Dollar Allowances					
		0 BR	1 BR	2 BR	3 BR	4 BR	5 BR
Space Heating	Natural Gas	\$18	\$21	\$24	\$26	\$29	\$32
	Bottle Gas	\$56	\$66	\$75	\$84	\$94	\$103
	Electric Resistance	\$14	\$17	\$21	\$25	\$28	\$32
	Electric Heat Pump	\$12	\$14	\$17	\$18	\$19	\$20
	Fuel Oil	\$38	\$45	\$51	\$57	\$64	\$70
Cooking	Natural Gas	\$3	\$3	\$5	\$7	\$8	\$10
	Bottle Gas	\$9	\$10	\$15	\$19	\$24	\$28
	Electric	\$5	\$6	\$8	\$10	\$13	\$15
	Other						
Other Electric		\$18	\$21	\$29	\$37	\$45	\$53
Air Conditioning		\$7	\$8	\$12	\$15	\$19	\$22
Water Heating	Natural Gas	\$7	\$8	\$11	\$15	\$18	\$21
	Bottle Gas	\$20	\$23	\$33	\$44	\$54	\$64
	Electric	\$11	\$13	\$17	\$21	\$24	\$28
	Fuel Oil	\$13	\$16	\$23	\$30	\$36	\$43
Water		\$24	\$26	\$38	\$57	\$77	\$96
Sewer		\$34	\$37	\$52	\$74	\$97	\$120
Electric Fee		\$7	\$7	\$7	\$7	\$7	\$7
Natural Gas Fee		\$16	\$16	\$16	\$16	\$16	\$16
Fuel Oil Fee							
Bottled Gas Fee							
Trash Collection		\$20	\$20	\$20	\$20	\$20	\$20
Range/Microwave		\$15	\$15	\$15	\$15	\$15	\$15
Refrigerator		\$20	\$20	\$20	\$20	\$20	\$20
Other – specify							

Tab S:

Supportive Housing Certification

Virginia Housing Permanent Supportive Housing Services Certification

Permanent Supportive Housing is housing consisting of units designated for individuals or families that are homeless, at-risk of homelessness or who have multiple barriers to independent living.

Best practices are described by the U.S. Department of Health and Human Services:
<http://store.samhsa.gov/shin/content/SMA10-4510/SMA10-4510-06-BuildingYourProgram-PSH.pdf>

For consideration, provide **all** of the following:

1. Attach a list of developments for which you've provided permanent supportive housing services. Describe the types of services that were provided.
2. A signed copy of an MOU with a local service provider agency(ies). If no MOU exists, the service provider must sign this certification. If neither is available, provide an explanation for the lack of demonstrated partnership and describe how the property will receive referrals and from whom the residents will receive services.

3. Describe your target population(s).

4. List the types of supportive services to be offered.

5. Who will be providing supportive services?

6. What percentage of the total number of units will be marketed to and held available for tenants in need of supportive services?

_____ %

In addition, I/we certify the following:

Services

Tenant choice. Supportive housing tenants will have choices in what support services they receive (i.e., not a limited menu of services). Individual Support Plans will reflect tenant-defined needs and preferences. As supportive service tenants' needs change over time, tenants can receive more or less intensive support services.

Assertive outreach and engagement. The service team will use a variety of outreach and engagement techniques to bring tenants into helping relationships.

Case management. Case managers will serve as the bridge between tenants and the supports that help them achieve stability and long-term tenancy.

Recovery supports. Services will include at least one of the following:

- Mainstream supports, e.g., income supports from public benefits programs, healthcare from hospitals and clinics and employment help from vocational agencies
- Specialized supports, e.g., life skills training, budgeting, medication management and behavioral health treatment
- Natural supports, e.g., connections with peers, family, community and faith communities

Housing

Tenant choice. Supportive housing tenants will be able to choose where they want to live. Tenants cannot be evicted from their housing for rejecting services.

Access. Supportive housing units will be available to people who are experiencing homelessness, are precariously housed and/or who have multiple barriers to housing stability, including disabilities and substance abuse.

Quality. Supportive housing units will be similar to other units in the project.

Integration. Supportive housing tenants with disabilities will have a right to receive housing and supportive services in the most integrated settings available, including in buildings that include neighbors who do not have disabilities and where there is access to an array of community services and resources used by people with and without disabilities.

Rights of tenancy. Supportive housing tenant leases or subleases will confer full rights of tenancy, including limitations on landlords' entry into the property and the right to challenge eviction in landlord-tenant court. Tenants can remain in their homes as long as the basic requirements of tenancy are met—paying the rent, not interfering with other tenants' use of their homes, not causing property damage, etc. House rules, if any, are similar to those found in other housing.

Affordability. Supportive housing tenants should pay no more than 30% of their incomes toward rent and basic utilities.

Coordination between housing and services. Property managers and support service staff will stay in regular communication and coordinate their efforts to help prevent evictions and to ensure tenants facing eviction have access to necessary services and supports.

Delineated roles. There will be a functional separation of roles, with the housing elements (rent collection, property maintenance, enforcement of responsibilities of tenancy) carried out by different staff than those providing services (case management, mental health treatment, wraparound services).

The undersigned Owner certifies that each of the above statements is true and correct.

I/We agree that the commitment to provide supportive housing will remain in place throughout the Compliance Period (as described in the Extended Use Agreement).

Date



Owner/Applicant

By: _____

Its: _____

Title



Service Provider

By: _____

Its: _____

Title



1601 Rolling Hills Drive
Richmond, Virginia 23229
804.285.5900 • cccofva.org

Commonwealth Catholic Charities Permanent Supportive Housing Experience

Commonwealth Catholic Charities has operated two distinct permanent supportive housing programs supporting extremely low-income Virginians for nearly a decade.

Housing Opportunities for Persons with AIDS (Norton, Petersburg, Richmond) CCC provides a combination of long term or short term housing subsidies and comprehensive case management services to assist low income persons living with HIV or AIDS establish or maintain stability in housing, acquire the resources and supports necessary to maintain housing, and access the health and supportive services necessary to thrive in their communities. HOPWA assisted units are scattered site and supported by a dedicated team of case workers and leverage the internal assistance of CCC's Housing Counselors and Workforce Development teams for financial literacy and employment assistance.

Crater PSH (Petersburg) CCC provides chronically homeless individuals and individuals with serious mental illness with housing-focused case management, housing location assistance, and ongoing connections to community resources combined with a deep, permanent housing subsidy to enable long term homeless individuals with disabilities to move from the streets or emergency shelter to permanent housing. Crater PSH assisted units are scattered site and supported by a dedicated team of case workers and leverage the internal assistance of CCC's Housing Counselors and Workforce Development teams for financial literacy and employment assistance.



Memorandum of Understanding between
Commonwealth Catholic Charities
&
Saint Elizabeth Apartments LLC
regarding permanent supportive housing programming and support services
to be provided at the Saint Elizabeth Apartments.

This document constitutes an agreement between **Commonwealth Catholic Charities**, a nonprofit organization that provides a continuum of services to individuals and families in the greater Richmond metro area - from street-based outreach services to intensive case management– by building relationships, supporting healing, and fostering independence, and **Saint Elizabeth Apartments LLC**, an affordable housing public corporation that develops and manages affordable properties in Richmond, Virginia.

1. Duration of MOU

This MOU will be in effect upon signing by all parties and will renew annually by mutual agreement of Commonwealth Catholic Charities and Saint Elizabeth Apartments LLC. The period of performance may be adjusted and/or extended with the mutual agreement of the parties specified. Any modification of this agreement, however, must be in writing.

2. Purpose of Agreement

The purpose of this agreement is to describe the duties and responsibilities of Commonwealth Catholic Charities and Saint Elizabeth Apartments LLC with respect to the Low-Income Housing Tax Credit (LIHTC) project at Saint Elizabeth Apartments. This project will provide up to fourteen Permanent Supportive Housing (PSH) units, with rent subsidies provided through the Richmond Redevelopment and Housing Authority for a term of at least 15 years. This agreement will ensure a collaborative effort to meet the intent of the project.

3. Duties and responsibilities of Saint Elizabeth Apartments LLC.

- a. Saint Elizabeth Apartments LLC will provide the full range of PSH housing rights to include tenant choice, access, quality, integration, rights of tenancy, affordability, and the coordination between housing and services and delineated roles.
- b. A property manager will be separate from and stay in regular community with support services staff to include case managers at CCC

4. Duties and Responsibilities of Commonwealth Catholic Charities

- a. CCC Case Managers will refer interested persons who meet the project criteria to Saint Elizabeth Apartments
- b. CCC Case Managers will assist potential Saint Elizabeth Apartments tenants with completing necessary applications and providing income information, etc.
- c. CCC intends to provide tenant specific services based upon resident surveys completed during move-in. Services provided by CCC would change over time as both tenants and tenant preferences change. A list of potential services that CCC could provide at the Saint Elizabeth Apartments are included below:

- i. Housing and Financial Counseling - work with tenants to improve credit scores, create a workable budget, purchase a home, or avoid eviction. CCC's certified financial and housing counselors can help develop a plan to achieve financial goals through one-on-one counseling and classes and workshops.
- ii. Development Disabilities - provide case management services for individuals with a developmental disability under the Family and Individual supports (FIS) and Community Living (CL) Waivers.
- iii. Workforce Development - help tenants enter, succeed, and advance in the workplace. CCC Employment Navigators work with a variety of community partners to provide services such as career readiness assessments, skills training, job placement, resume building, and interview practice and preparation.
- iv. Independence for Seniors - provide Call Reassurance and Caregiver Relief services for seniors. Our senior programs also promote positive cognitive health through a lending library with books, magazines, adult coloring pages, and word search puzzles.
- v. Interpreter and Translation Services - CCC trained interpreters accurately and efficiently translate a variety of languages to meet any number of business needs. We provide services in the following languages: ASL, Arabic, Amharic, Bosnian, Burmese, Chin, Chinese, Chinese Mandarin, Creole, Croatian, Dari, Dinka, Farsi, French, German, Haitian Creole, Hindi, Hungarian, Japanese, Kirundi, Korean, Kurdish, Mongolian, Nepali, Pashtu, Polish, Portuguese, Romanian, Russian, Somali, Spanish, Swahili, Tagalog, Tigrinya, Urdu, Vietmanese.
- vi. Counseling Services - provide individual or group counseling to tenant's dealing with depression, anxiety, grief, anger management, domestic violence, marital problems, adolescent self-esteem and self-harm, and trauma.
- vii. Food insecurity – ensure tenants have access to food and nutritional supplements. CCC operates a local food pantry dedicated to combating hunger and food insecurity in the Richmond area.
- viii. Refugee Resettlement and Support - support tenants who have recently been relocated as refugees including initial housing placement, case management, school enrollment and follow-up, health and language support, and education and employment services.

5. Other Work Conditions

- a. Periodic meetings to review the ongoing operation of the MOU will be held as needed.
- b. CCC will release consumer specific information only with the expressed written and informed consent of the consumer in accordance with the Code of Virginia, 42 Code of Federal Regulation (CFR) Part 2, and other relevant federal and state statues pertaining to confidentiality of clients. Such written consent will conform to 42 CFR Part 2.

6. Contract Termination or Change

This contract may be terminated upon thirty days written notice. It can be changed at any time with the mutual written agreement of both parties.

We, the undersigned parties, agree to the above terms and conditions.

Saint Elizabeth Apartments LLC

By: CCC Fourquarean LLC,
a Virginia limited liability company
Its Managing Member

By: Commonwealth Catholic Charities Housing Corporation,
A Virginia nonstock corporation,
its Co-Managing Member

By: 
Name: Jay Brown
Title: Chief Executive Officer


Jason Brown
Commonwealth Catholic Charities

3/8/2022
Date



COUNCIL ON ACCREDITATION

attests that

Commonwealth Catholic Charities
Richmond, VA

is accredited, achieving the highest standards of professional practice for the services it provides.

Accredited through
4/30/2025

A stylized, cursive signature in black ink, appearing to read 'Jody Levison-Johnson'.

Jody Levison-Johnson
President & CEO

A stylized, cursive signature in black ink, appearing to read 'Nancy R. Droesch'.

Nancy R. Droesch
Chair, Board of Trustees

March 12, 2021

Jay Brown
CEO/Executive Director
Commonwealth Catholic Charities
1601 Rolling Hills Drive
Richmond, VA 23229

Dear Mr. Jay Brown:

It is our great pleasure to inform you that the Council on Accreditation (COA) has approved the accreditation of **Commonwealth Catholic Charities** through **April 30, 2025**. Let me again say how significant this achievement is! It represents the fulfillment of countless hours of hard work and the dedication of many people—most notably your staff and the members of your board and/or leadership. Please extend my congratulations to them.

This formal notification includes a list of programs and services for which **Commonwealth Catholic Charities** is accredited, as well as your Final Accreditation Report (FAR). A plaque attesting to your agency's accredited status will be sent to you shortly.

Your Final Accreditation Report (FAR) is an important and incredibly valuable document. It contains the observations and recommendations of your Peer Reviewer colleagues based on your self-study and site visit. In essence, the FAR provides a unique view of your organization as seen through the eyes of highly experienced professionals. In it you will find a copy of the full accreditation ratings for all Purpose, Core, and Practice standards, identifying the Fundamental Practice standards. It may also contain any noted organizational strengths and areas for opportunities.

Please refer to the Promotional Tool Kit web page to find resources that can assist you with leveraging your organization's COA accreditation to internal and external stakeholders.

Private: <http://coanet.org/accreditation/private-organization-accreditation/promote-your-accreditation/>

Public: <http://coanet.org/accreditation/public-agency-accreditation/promote-your-accreditation/>

Canadian: <http://coanet.org/accreditation/canadian-organisation-accreditation/promote-your-accreditation/>

At the very least, however, we recommend that you provide relevant excerpts to those members of your staff who are directly responsible for the respective findings. Should you do so, please explain that the report is intended to be *constructive*, and that the goal is to provide specific, tangible examples of how they can make your organization even stronger and even better.

Having said that, you should know that those ratings for which you did not demonstrate implementation should be addressed through your PQI process.

Even though they did not require correction in order to achieve accreditation, they will be made a part of your file and reviewed during your next accreditation cycle. Remember, COA accreditation is not an end in and of itself. Rather, it is a process by which your organization can consistently strive for and achieve new levels of excellence.

Finally, let me say that your relationship with COA does not end with this letter. Ours is a partnership. As such, I would ask that you feel free to share with me your ideas and concerns. Additionally, please feel free to contact Tobi Murch, Director of Volunteer Engagement, either by email at tmurch@coanet.org or by telephone at 212-797-3000, extension 272, if you have any questions. Together we can enrich the lives of children, individuals, and families in need everywhere.

We are proud to be associated with you and your colleagues. We wish you the very best in your continuing service to persons in your community. *That is the power of accreditation.*

Sincerely,

A handwritten signature in black ink, appearing to be 'Jody Levison-Johnson', with a long, sweeping flourish extending to the right.

Jody Levison-Johnson
President and Chief Executive Officer

Attachment

Commonwealth Catholic Charities
Organization ID: 549
Private Standards

Expiration date: April 30, 2025

The accreditation of Commonwealth Catholic Charities includes the following services and associated programs:

Program Name	COA Service Standard(s)	Service Subsections
Adoptions	Adoption Services (AS)	
Children's Shelter	Services for Unaccompanied Children (UC)	
Counseling	Counseling Support & Education Svs (CSE)	
Developmental Disability Waiver Case Management	Case Management Services (CM)	SDA: Developmental Disabilities
Housing and Financial Counseling	Financial Education and Counseling Services (FEC)	
Housing Opportunities For Persons With HIV/AIDS	Generic Service Summary (GSS)	
Housing Resource Center	Counseling Support & Education Svs (CSE)	CSE: Information and Referral Services
Independence for Seniors	Generic Service Summary (GSS)	
Local Public Guardianship and Conservator Program	Adult Guardianship (AG)	
Pregnancy Counseling	Pregnancy Support Services (PS)	

Refugee Resettlement	Refugee Resettlement Services (RRS), Workforce Dvlpmnt & Support Svs (WDS)	
Supportative Housing	Housing Stabilization and Community Living Services (HSCL); Outreach Services (OS)	
Treatment Foster Care	Family Foster Care and Kinship Care (FKC)	
Unaccompanied Alien Children's Program	Family Foster Care and Kinship Care (FKC)	
Unaccompanied Refugee Minors	Family Foster Care and Kinship Care (FKC)	
Workforce Development	Workforce Dvlpmnt & Support Svs (WDS)	

Tab T:

Funding Documentation

Tab T:

Subsidized Funding

Saint Elizabeth Apartments Application 2023-ASH-06

Enclosed in Tab E of this application is the site control and assignment, providing details of a lease agreement between The Catholic Diocese of Richmond as the Optioner and Saint Elizabeth Apartments LLC as the Optionee by assignment, the Optioner and the Applicant of this application being unrelated parties. Section 4 of the Option to Ground Lease outlines a rent payment of \$1 for the lease in Section, rendering the land donated for the remainder of the value.

In accordance with the 2022 Tax Credit Manual, Appendix D. Subsidized Funding Information, 3. Donation of land, not from a local government, Saint Elizabeth Apartments qualifies for subsidized funding points based upon the assessed land value of \$285,000, land assessment details included also included to Tab E, minus \$1 for rent payment, for a total value of \$284,999.

In addition to the land donation, the Saint Elizabeth Apartments was awarded \$800,000 from the Virginia Housing Trust Fund and \$500,000 from the National Housing Trust Fund.



Ralph S. Northam
Governor

R. Brian Ball
Secretary of
Commerce and Trade

COMMONWEALTH of VIRGINIA

Erik C. Johnston
Director

DEPARTMENT OF HOUSING AND COMMUNITY DEVELOPMENT

January 13, 2022

Mr. Charles Hall
Vice President of Housing
Commonwealth Catholic Charities
1601 Rolling Hills Drive
Richmond, VA 23229
charles.hall@cccovva.org

Re: Affordable and Special Needs Housing Funding
Proposal

Dear Mr. Charles Hall:

On behalf of the Department of Housing and Community Development (DHCD), it gives me great pleasure to inform you that Commonwealth Catholic Charities will receive a preliminary offer from the Fall 2021 Affordable and Special Needs Housing competitive loan pool in the amount of \$800,000 in Virginia Housing Trust Fund (VHTF) funds to support the Saint Elizabeth Apartments project.

Please note that you will receive further communication regarding the need to execute a VHTF program agreement within the next few weeks. The program agreement must be fully executed within 12 months from the date of this letter in order for this preliminary offer to result in a program commitment and reservation of funds.

As the project gets underway, please be aware that any adjustments to the capital budget, operating expense budget, pro forma numbers, and other project parameters must be approved by DHCD before the program funding agreement is transferred to Virginia Housing to request formal loan documents be drafted. Execution of the program agreement is necessary in order to finalize a formal funding reservation and loan commitment.

A member of our ASNH team will be contacting you via email to begin the contract negotiation process soon. We are pleased to be of assistance to Commonwealth Catholic Charities in its affordable housing efforts.

Sincerely,

Sandra Powell
Senior Deputy Director
Community Development & Housing

Partners for Better Communities



www.dhcd.virginia.gov



Ralph S. Northam
Governor

R. Brian Ball
Secretary of
Commerce and Trade

COMMONWEALTH of VIRGINIA

Erik C. Johnston
Director

DEPARTMENT OF HOUSING AND COMMUNITY DEVELOPMENT

January 13, 2022

Mr. Charles Hall
Vice President of Housing
Commonwealth Catholic Charities
1601 Rolling Hills Drive
Richmond, VA 23229
charles.hall@cccovva.org

Re: Affordable and Special Needs Housing Funding
Proposal

Dear Mr. Charles Hall:

On behalf of the Department of Housing and Community Development (DHCD), it gives me great pleasure to inform you that Commonwealth Catholic Charities will receive a preliminary offer from the Fall 2021 Affordable and Special Needs Housing competitive loan pool in the amount of \$500,000 in National Housing Trust Fund (NHTF) funds to support the Saint Elizabeth Apartments project.

Please note that you will receive further communication regarding the need to execute a NHTF program agreement within the next few weeks. The program agreement must be fully executed within 12 months from the date of this letter in order for this preliminary offer to result in a program commitment and reservation of funds.

An allocation of federal NHTF funds requires a developer to designate a specific number of targeted units at 30 percent AMI. The specific number of NHTF-assisted units will be determined prior to the execution of the NHTF program agreement. No work activities on the proposed project can be initiated prior to fully executing the HOME program agreement. A HUD required environmental review must be completed, and any adjustment to the capital budget, operating expense budget, pro forma numbers and other project parameters must be approved by DHCD before the program agreement can be executed.

A member of our ASNH team will be contacting you via email to begin the contract negotiation process soon. We are pleased to be of assistance to Commonwealth Catholic Charities in its affordable housing efforts.

Sincerely,

Sandra Powell
Senior Deputy Director
Community Development & Housing

Partners for Better Communities



www.dhcd.virginia.gov

Tab U:

Acknowledgement by Tenant of the availability of Renter
Education provided by Virginia Housing

Virginia Housing Renter Education Program

Whether it's a house, apartment, duplex or townhouse, renting can have its advantages over purchasing. Here are some resources to help you understand and explore your options for finding affordable rental housing in Virginia. As a renter, you have certain rights that protect you and your interests, but you also have responsibilities. Become familiar with what you need to know.

Virginia Housing provides Renters the opportunity to complete free courses and access other resources at their website. Renters are encouraged but not required to access this information.

To begin, Renters need to create an account on the VHDA website that is included in the links below. The eBook is a comprehensive resource that covers financial readiness, credit, searching for rentals, the application, the lease agreement, security deposit, tenant rights & responsibilities, housekeeping, and maintenance & repairs.

The online course is available in both English and Spanish. It is comprised of nine (9) standalone modules/chapters and is available 24 hours a day. A Certificate of Completion is made available at the completion of each chapter. Renters can download the certificate, print, save, and share by email if desired.

Links for Assistance to Renters Before Taking the Renter Education Program:

<https://www.virginiahousing.com/renters>

<https://www.virginiahousingsearch.com/Resources.html>

<https://www.virginiahousing.com/renters/education>

Acknowledgment of Renter of _____ (Apartments):

Signature: _____ Dated: _____

Printed: _____

Tab V:

Nonprofit or LHA Purchase Option or Right of First
Refusal

RECORDING REQUESTED BY
AND WHEN RECORDED MAIL TO:
Klein Hornig LLP
1325 G Street NW, Suite 770
Washington, DC 20005
Attn: Erik T. Hoffman

**AMENDED AND RESTATED RIGHT OF FIRST REFUSAL
AND PURCHASE OPTION AGREEMENT**
(Saint Elizabeth Apartments)

This amended and restated RIGHT OF FIRST REFUSAL AGREEMENT (the “Agreement”) dated as of March 8, 2022 by and among **Saint Elizabeth Apartments LLC**, a Virginia limited liability company (the “Owner” or the “Company”), **Commonwealth Catholic Charities Housing Corporation**, a Virginia nonstock nonprofit corporation (the “Grantee”), and is consented to by CCC Fourquarean LLC, a Virginia limited liability company (the “Managing Member”), [INVESTOR ENTITY], a [] limited liability company (the “Investor Member”) and [] **SPECIAL LIMITED PARTNER, L.L.C.**, a [] limited liability company (the “Special Member”). The Managing Member, the Investor Member and the Special Member are sometimes collectively referred to herein as the “Consenting Members”. The Investor Member and Special Member are sometimes collectively referred to herein as the “Non-Managing Members”. This Agreement shall be fully binding upon and inure to the benefit of the parties and their successors and assigns to the foregoing.

Recitals

- A. The Owner, pursuant to its Amended and Restated Operating Agreement dated on or about the date hereof by and among the Consenting Members (the “Operating Agreement”), is engaged in the ownership and operation of a 56-unit apartment project for families located in Richmond, Virginia and commonly known as “Saint Elizabeth Apartments” (the “Project”). The real property comprising the Project is legally defined on Exhibit A.
- B. The Owner and the Grantee entered into that certain Right of First Refusal and Purchase Option Agreement dated as of March 17, 2021 (the “Original Agreement”) with respect to the Project, which has been amended and restated to be consistent with the requirements of the Credit Authority.
- C. The Grantee is a member of the Managing Member of the Owner and is instrumental to the development and operation of the Project; and
- D. The Owner desires to give, grant, bargain, sell and convey to the Grantee certain rights of first refusal to purchase the Project on the terms and conditions set forth herein;
- E. Capitalized terms used herein and not otherwise defined shall have the meanings set forth in the Operating Agreement.

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 the parties hereto acknowledge, the parties hereby agree as follows:

Section 1. Right of First Refusal

The Owner hereby grants to the Grantee a right of first refusal (the "Refusal Right") to purchase the real estate, fixtures, and personal property comprising the Project or associated with the physical operation thereof and owned by the Company at the time (the "Property"), for the price and subject to the other terms and conditions set forth below. The Property will include any reserves of the Partnership that is required by the Virginia Housing Development Authority ("Virginia Housing" or the "Credit Authority") or any lender of a loan being assumed in connection with the exercise of the Refusal Right to remain with the Project.

Section 2. Exercise of Refusal Right; Purchase Price

A. After the end of the Compliance Period, the Company agrees that it will not sell the Property or any portion thereof to any Person without first offering the Property to the Grantee (the "Refusal Right"), for the Purchase Price (as defined in Section 3); *provided, however*, that such Refusal Right shall be conditioned upon the receipt by the Company of a "bona fide offer" (the acceptance or rejection of which shall not require the Consent of the Members). The Company shall give the notice of its receipt of such offer (the "Offer Notice") and shall deliver a copy of the Offer Notice to the Grantee. Upon receipt by the Grantee of the Offer Notice, the Grantee shall have 90 days to deliver to Company a written notice of its intent to exercise the Refusal Right (the "Election Notice"). An offer made with the purchase price and basic terms of the proposed sale from a third party shall constitute a "bona fide offer" for purposes of this Agreement. Such offer (i) may be solicited by the Grantee or the Managing Member (with such solicitation permitted to begin at any time following the end of the fourteenth (14th) year of the Compliance Period provided that the Election Notice may not be sent until the end of the Compliance Period) and (ii) may contain customary due diligence, financing, and other contingencies. Notwithstanding anything to the contrary herein, a sale of the Project pursuant to the Refusal Right shall not require the Consent of the Non-Managing Members or of Virginia Housing.

B. If the Grantee fails to deliver the Election Notice within ninety (90) days of receipt of the Offer Notice, or if such Election Notice is delivered but the Grantee does not consummate the purchase of the Project within 270 days from the date of delivery of the Election Notice (each, individually, a "Terminating Event"), then its Refusal Right shall terminate and the Company shall be permitted to sell the Property free of the Refusal Right.

Section 3. Purchase Price; Closing

A. The purchase price for the Property pursuant to the Refusal Right (the "Purchase Price") shall equal the sum of (i) the principal amount of all outstanding indebtedness secured by the Project, and any accrued interest on any of such debts and (ii) all federal, State, and local taxes attributable to such sale, including those incurred or to be incurred by the partners or members of the Non-Managing Members. Notwithstanding the foregoing, however, the Purchase Price shall never be less than the amount of the "minimum purchase price" as defined in Section 42(i)(7)(B)

of the Code. The Refusal Right granted hereunder is intended to satisfy the requirements of Section 42(i)(7) of the Code and shall be interpreted consistently therewith. In computing such price, it shall be assumed that each of the Non-Managing Members of the Owner (or their constituent partners or members) has an effective combined federal, state and local income tax rate equal to the maximum of such rates in effect on the date of Closing.

B. All costs of the Grantee's purchase of the Property pursuant to the Refusal Right, including any filing fees, shall be paid by Grantee.

C. The Purchase Price shall be paid at Closing in one of the following methods:

(i) the payment of all cash or immediately available funds at Closing,
or

(ii) the assumption of any assumable Loans if Grantee has obtained the consent of the lenders to the assumption of such Loans, which consent shall be secured at the sole cost and expense of Grantee; provided, however, that any Purchase Price balance remaining after the assumption of the Loans shall be paid by Grantee in immediately available funds.

Section 4. Conditions Precedent: Termination

A. Notwithstanding anything in this Agreement to the contrary, the right of the Grantee to exercise the Refusal Right and consummate any purchase pursuant thereto is contingent on each of the following being true and correct at the time of exercise of the Refusal Right and any purchase pursuant thereto:

(i) the Grantee or its assignee shall be a "qualified nonprofit organization" as defined in Section 42(h)(5)(C) of the Code or another qualified purchaser described in Section 42(i)(7)(A) of the Code (collectively, each, a "Qualified Beneficiary"); and

(ii) the Project continues to be a "qualified low-income housing project" within the meaning of Section 42 of the Code.

B. This Agreement shall automatically terminate upon the occurrence of any of the following events and, if terminated, shall not be reinstated unless such reinstatement is agreed to in a writing signed by the Grantee and each of the Consenting Members:

(i) the transfer of the Property to a lender in total or partial satisfaction of any loan; or

(ii) any transfer or attempted transfer of all or any part of the Refusal Right by the Grantee, whether by operation of law or otherwise, except as otherwise permitted under Section 7 of this Agreement; or

(iii) the Project ceases to be a "qualified low-income housing project" within the meaning of Section 42 of the Code, or

(iv) the Grantee fails to deliver its Election Notice or consummate the purchase of the Property within the timeframes set forth in Section 2 above.

Section 5. Contract and Closing

Upon determination of the purchase price, the Owner and the Grantee shall enter into a written contract for the purchase and sale of the Property in accordance with the terms of this Agreement and containing such other terms and conditions as are standard and customary for similar commercial transactions in the geographic area which the Property is located, providing for a closing (the "Closing") to occur in Richmond, Virginia not later than the timeframes set forth in Section 2. In the absence of any such contract, this Agreement shall be specifically enforceable upon the exercise of the Refusal Right.

Section 6. Conveyance and Condition of the Property

The Owner's right, title and interest in the Property shall be conveyed by quitclaim deed, subject to such liens, encumbrances and parties in possession as shall exist as of the date of Closing. The Grantee shall accept the Property "AS IS, WHERE IS" and "WITH ALL FAULTS AND DEFECTS," latent or otherwise, without any warranty or representation as to the condition thereof whatsoever, including without limitation, without any warranty as to fitness for a particular purpose, habitability, or otherwise and no indemnity for hazardous waste or other conditions with respect to the Property will be provided. It is a condition to Closing that all amounts due to the Owner and the Investor Member from the Grantee or its Affiliates be paid in full. The Grantee shall pay all closing costs, including, without limitation, the Owner's attorney's fees. Upon closing, the Owner shall deliver to the Grantee, along with the deed to the property, an ALTA owner's title insurance policy dated as of the close of escrow in the amount of the purchase price, subject to the liens, encumbrances and other exceptions then affecting the title.

Section 7. Transfer

The Refusal Right shall not be transferred to any Person without the Consent of the Investor Member, except that the Grantee may assign all or any of its rights under this Agreement to an Affiliate of Grantee (a "Permitted Assignee") at the election and direction of the Grantee or to any assignee that shall be a "qualified nonprofit organization" as defined in Section 42(h)(5)(C) of the Code or another qualified purchaser described in Section 42(i)(7)(A) of the Code (collectively, each, a "Qualified Beneficiary").

In the case of any transfer of the Refusal Right (i) all conditions and restrictions applicable to the exercise of the Refusal Right or the purchase of the Property pursuant thereto shall also apply to such transferee, and (ii) such transferee shall be disqualified from the exercise of any rights hereunder at all times during which Grantee would have been ineligible to exercise such rights hereunder had it not effected such transfer.

Section 8. Rights Subordinate: Priority of Requirements of Section 42 of the Code

This Agreement is subordinate in all respects to any regulatory agreements and to the terms and conditions of the Mortgage Loans encumbering the Property. In addition, it is the intention of the parties that nothing in this Agreement be construed to affect the Owner's status as owner of

the Property for federal income tax purposes prior to exercise of the Refusal Right granted hereunder. Accordingly, notwithstanding anything to the contrary contained herein, both the grant and the exercise of the Refusal Right shall be subject in all respects to all applicable provisions of Section 42 of the Code, including, in particular, Section 42(i)(7). In the event of a conflict between the provisions contained in this Agreement and Section 42 of the Code, the provisions of Section 42 shall control.

Section 9. Option to Purchase

A. The parties hereto agree that if the Service hereafter issues public authority to permit the owner of a low-income housing tax credit project to grant an "option to purchase" pursuant to Section 42(i)(7) of the Code as opposed to a "right of first refusal" without adversely affecting the status of such owner as owner of its project for federal income tax purposes, then the parties shall amend this Agreement and the Owner shall grant the Grantee an option to purchase the Property at the Purchase Price provided in Section 3 hereof and that meets the requirements of Code Section 42(i)(7).

B. If the Service hereafter issues public authority to permit the owner of a low-income housing tax credit project to grant a "right of first refusal to purchase partner interests" and/or "purchase option to purchase partner interests" pursuant to Section 42(i)(7) of the Code (or other applicable provision) as opposed to a "right of first refusal to purchase the Project" without adversely affecting the status of such owner as owner of its project for federal income tax purposes (or the status of the Investor Member as a partner of the Company for federal income tax purposes) then the parties shall amend this Agreement and the Investor Members shall provide a right of first refusal and/or purchase option, as the case may be, to acquire their Interests for the Purchase Price provided in Section 3 hereof and that meets the requirements of Code Section 42(i)(7).

Section 10. Notice

Except as otherwise specifically provided herein, all notices, demands or other communications hereunder shall be in writing and shall be deemed to have been given and received (i) two (2) business days after being deposited in the United States mail and sent by certified or registered mail, postage prepaid, (ii) one (1) business day after being delivered to a nationally recognized overnight delivery service, (iii) on the day sent by telecopier or other facsimile transmission, answer back requested, or (iv) on the day delivered personally, in each case, to the parties at the addresses set forth below or at such other addresses as such parties may designate by notice to the other party:

(i) If to the Owner, at c/o Commonwealth Catholic Charities Housing Corporation, 1601 Rolling Hills Drive, Richmond, VA 23229; Attention: CEO;

(ii) If to a Consenting Member, at their respective addresses set forth in Schedule A of the Operating Agreement; and

(iii) If to the Grantee, 1601 Rolling Hills Drive, Richmond, Virginia 23229; Attention: CEO.

Section 11. 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.

Section 12. Binding Provisions

The covenants and agreements contained herein shall be binding upon, and inure to the benefit of, the heirs, legal representatives, successors and assignees of the respective parties hereto, except in each case as expressly provided to the contrary in this Agreement.

Section 13. Counterparts

This Agreement may be executed in several counterparts and all so executed shall constitute one agreement binding on all parties hereto, notwithstanding that all the parties have not signed the original or the same counterpart.

Section 14. Governing Law

This Agreement shall be construed and enforced in accordance with the laws of the Commonwealth of Virginia without regard to principles of conflicts of law. Notwithstanding the foregoing, Company, Investor Member and Grantee do not intend the Refusal Right in this Agreement to be a common law right of first refusal but rather intend it to be understood and interpreted as a mechanism authorized by Section 42 of the Code to allow non-profit entities to preserve affordable housing for low-income families in accordance with Grantee's charitable objectives.

Section 15. Headings

All headings in this Agreement are for convenience of reference only. Masculine, feminine, or neuter gender, shall include all other genders, the singular shall include the plural, and vice versa as the context may require.

Section 16. Amendments

This Agreement shall not be amended except by written agreement between Grantee and the Owner with the consent of each of the Consenting Members and Virginia Housing.

Section 17. Time

Time is of the essence with respect to this Agreement, and all provisions relating thereto shall be so construed.

Section 18. Legal Fees

Except as otherwise provided herein, in the event that legal proceedings are commenced by the Owner against the Grantee or by the Grantee against the Owner in connection with this Agreement or the transactions contemplated hereby, the prevailing party shall be entitled to recover all reasonable attorney's fees and expenses.

Section 19. Subordination

This Agreement is and shall remain automatically subject and subordinate to any bona fide mortgage to (or assigned to) an institutional or governmental lender with respect to the Project and, in the event of a foreclosure of any such mortgage, or of the giving of a deed in lieu of foreclosure to any such mortgagee, this Agreement shall become void and shall be of no further force or effect.

Section 20. Rule Against Perpetuities Savings Clause

The term of this Agreement will be ninety years commencing on the date first written above unless sooner terminated pursuant to the provisions hereof. If any provision of this Agreement is construed as violating and applicable "Rule Against Perpetuities" by statute or common law, such provision will be deemed to remain in effect only until the death of the last survivor of the now living descendants of any member of the 116th Congress of the United States, plus twenty-one (21) years thereafter. This Agreement and the Refusal Right herein granted are covenants running with the land and the terms and provisions hereof will be binding upon, inure to the benefits of and be enforceable by the parties hereto and their respective successors and assigns.

Section 21. Third Party Beneficiary; Virginia Housing Rights and Powers

The Virginia Housing Development Authority ("Virginia Housing") shall be a third party beneficiary to this Agreement, and the benefits of all of the covenants and restrictions hereof shall inure to the benefit of Virginia Housing, including the right, in addition to all other remedies provided by law or in equity, to apply to any court of competent jurisdiction within the Commonwealth of Virginia to enforce specific performance by the parties or to obtain an injunction against any violations hereof, or to obtain such other relief as may be appropriate. The Authority and its agents shall have those rights and powers with respect to the Project as set forth in the Act and the Virginia Housing Rules and Regulations promulgated thereunder, including without limitation, those rights and powers set forth in Chapter 1.2 of Title 365 of the Code of Virginia (1950), as amended, and 13VAC10-180-10 et seq., as amended.

[REMAINDER OF PAGE INTENTIONALLY LEFT BLANK]

The undersigned hereby consents to the foregoing Right of First Refusal Agreement as of the date first set forth hereinabove.

INVESTOR MEMBER:

[INVESTOR ENTITY], a
[] [] limited liability company

By: []

By: _____

SPECIAL MEMBER:

[] [] SPECIAL LIMITED
PARTNER, L.L.C., a [] [] limited
liability company

By: [], LLC, a [] []
limited liability company, its manager

By: _____

STATE OF _____)

)

CITY/COUNTY OF _____)

On _____, 20__, before me, the undersigned, a notary public in and for said state, personally appeared [], personally known to me or proved to me on the basis of satisfactory evidence to be the individual whose name is subscribed to the within instrument and acknowledged to me that he executed the same in his capacity as [], the manager of [Investor Entity], a [] limited liability company, and [] **Special Limited Partner, L.L.C.**, a [] limited liability company, and that by his signature on the instrument, the entity, individual or the person on behalf of which the individual acted, executed the instrument.

Notary Public

Commission expires:

EXHIBIT A

LEGAL DESCRIPTION

Parcel I - 1031 Rear Fourqurean Lane (N000-0803/063):

ALL that certain lot, piece or parcel of land lying and being in the City of Richmond, Virginia, and bounded and described as follows, to-wit:

Commencing at the intersection of the northwest line of East Fork Cannon's Branch with the eastern line of an alley 17.77 feet wide, thence N. 8 degrees 27' along said eastern line of said alley 33.49 feet; thence N. 36 degrees 30' 00" E. 318.71 feet to a point; thence N. 13 degrees 58' 00" E. 100.24 feet to a point; thence S. 54 degrees 02' 30" E. along the southern line of the Catholic Church Property 214.91 feet to the said northwestern line of East Fork Cannon's Branch, thence S. 55 degrees 46' 00" W. along the line of East Fork Cannon's Branch 463 feet to the point of beginning. Being the parcel of land marked "Reserved" on the Plat of Section 2, Green Park, Richmond, Virginia, dated February 19, 1951, made by W.W. LaPrade & Bros., Civil Engineers, Richmond, Va., and recorded in the Clerk's Office, Circuit Court, City of Richmond, Division I, Virginia, in Plat Book 12, Page 98.

BEING a portion of the same real estate conveyed to Francis X. DiLorenzo, Bishop of the Catholic Diocese of Richmond, Virginia, and his Successors in Office, by deed from Richmond Affordable Housing, a Virginia nonstock corporation, dated June 19, 2017, recorded June 29, 2017 in the Clerk's Office, Circuit Court, City of Richmond, Virginia as Instrument No. 170013446.

Parcel II - 1031 Fourqurean Lane (N000-0803/002):

ALL of that certain lot, piece or parcel of land, together with all improvements thereon and appurtenances thereto belonging, lying and being in the City of Richmond, Virginia, and being known and designated as 1031 Fourqurean Lane (formerly 925 Fourqurean Lane), all as more particularly shown on a certain "Plat of Property Situated on the Southern Line of Fourqurean Lane and East of Harold Avenue, Richmond, Virginia", by Chas. H. Fleet & Associates, Engineers & Surveyors, Richmond, VA., dated March 4, 1983, a copy of which is attached to and recorded with the Deed in Deed Book 17, Page 535.

BEING the same real estate conveyed to The Most Reverend Barry C. Knestout, Bishop of the Catholic Diocese of Richmond and His Successors in Office by deed from Chestnut Commons, LLC, dated January 11, 2018, recorded January 18, 2018 in the Clerk's Office, Circuit Court, City of Richmond, Virginia as Instrument No. 180001054.

Parcel III - 1101 Fourqurean Lane (N000-0803/004):

ALL that certain lot of land in the City of Richmond, Virginia, being Parcel No. 1 on a plat of survey dated May 19, 1942, made by W. W. LaPrade & Bros., Civil Engineers, attached to a certain deed recorded in the aforesaid Clerk's Office in Deed Book 432-A, page 287 and being described with reference to said plat as follows:

BEGINNING on the South line of Fourqurean's Lane at its intersection with the Western line of a 100 foot Street styled "East Park Cannon's Branch" on said plat, and running thence Westwardly along and fronting 432.26 feet on the South Line of Fourqurean's Lane; thence running back Southwardly at right

angle to said Lane 273 feet to a rod; thence in a Southeasterly direction 215.33 feet to a rod on the Northwesterly line of said 100 foot street; thence running in a Northeasterly direction along said 100 foot street 429.21 feet to the point of beginning.

LESS and EXCEPT that parcel of land conveyed to Irene C. Pervall, et al, by deed dated September 10, 1984, recorded September 12, 1984 in the Clerk's Office, Circuit Court, City of Richmond, Virginia, in Deed Book 17, page 535, shown on a plat entitled "Plat of Property Situated on the Southern Line of Fourquare Lane and East of Harold Avenue, Richmond, Va.", by Chas. H. Fleet & Assocs., Engineers & Surveyors, dated March 4, 1983, and attached to said deed.

BEING a portion of the same real estate conveyed to Francis X. DiLorenzo, Bishop of the Catholic Diocese of Richmond, Virginia, and his Successors in Office, by deed from Richmond Affordable Housing, a Virginia nonstock corporation, dated June 19, 2017, recorded June 29, 2017 in the Clerk's Office, Circuit Court, City of Richmond, Virginia as Instrument No. 170013446.

The Most Reverend Barry C. Knestout, Bishop of the Catholic Diocese of Richmond, Virginia, is the Successor in Office to Francis X. DiLorenzo.

1

Tab W:

Internet Safety Plan and Resident Information Form (if internet amenities selected)

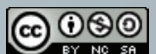


The Internet might seem intimidating at first - a vast global communications network with billions of webpages. But in this lesson, we simplify and explain the basics about the Internet using a conversational non-technical style to make it understandable, useful, and enjoyable. There's no reason to be left out!

Basic Internet Skills

Microsoft Windows PCs

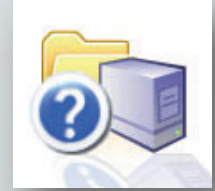
www.NetLiteracy.org





What the Internet is:

The Internet, the web, cyberspace, and the 'net are all terms that generally mean the same thing, in this case, we will call it the Internet. The Internet is a **NET**work of computers, all over the world, **INTER**connected to each other and available to any individual. The Internet is used for many different activities including shopping, communicating, learning, and distributing information.

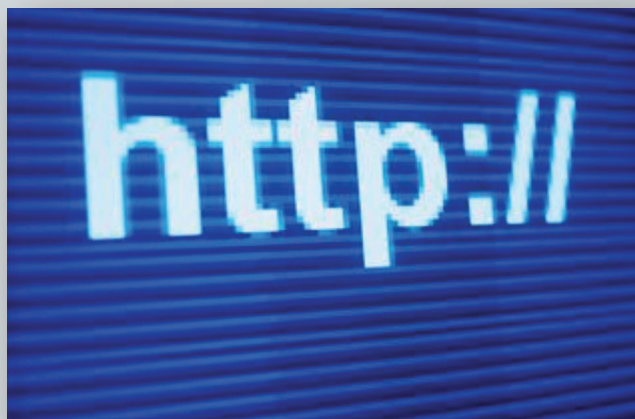


Unfortunately, you cannot open a door to a house and walk outside to “go into the Internet.” Computers are a primary tool you’ll utilize to use the Internet. The Internet is somewhat difficult to describe because you cannot touch it (in a way similar to software). It seems invisible—only computers can see it – and you can see it through a computer. Sometimes the Internet is best described in comparison to a library. The Internet is made up of many individual components, just like a library is made up of many books. The Internet’s components have even more individual parts, just like a book has pages.

Changing Constantly:

The Internet is a useful source of information about news, sports, and entertainment because it changes along with the minute-by-minute events that occur in the world brings. This might seem confusing. However, it is not

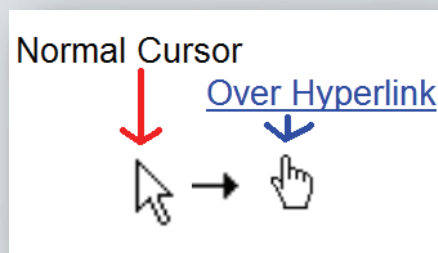
necessarily so—the Internet can be thought of as a “dynamic” living organism that changes and adapts to its environment. The Internet changes very quickly—just watching a 24 hour news channel on the television. The content on some websites is updated every few seconds.



Purpose / Content of Websites

On the Internet, there are many websites. These are usually made for one specific purpose; they range from informing you about the news to teaching you how to cook.

The best analogy of a website is a comparison to an entire book or an entire newspaper. Websites are made up of “pages,” just like newspapers and books.



Websites are usually independent, however sometimes they are linked together by hyperlinks (also called links) that allow you to jump from one website to another website. These links allow you to “turn the page,” and move around on the Internet. They are usually underlined and **blue**, however they can be any color and or even a picture. How

do you identify a hyperlink? When your mouse hovers over a hyperlink, the arrow changes into a pointing hand.

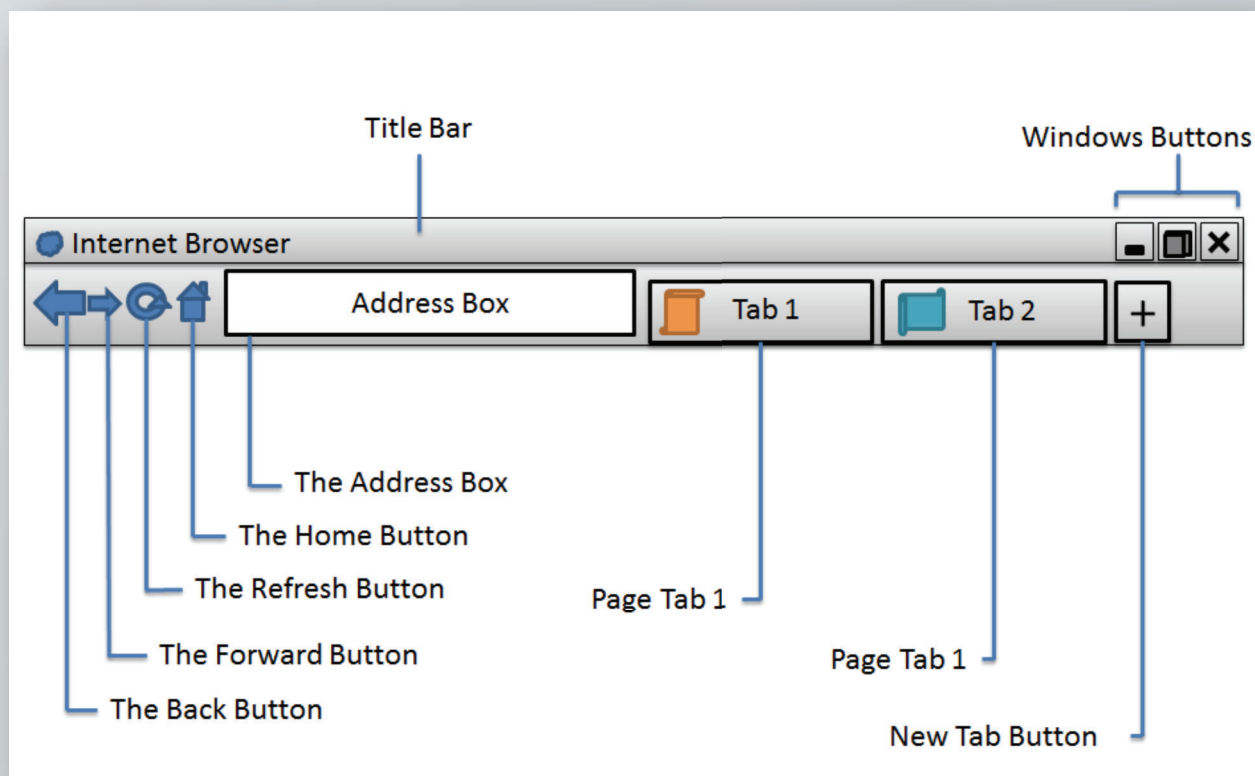
Webpages are what you see and read on the Internet. They are primarily made up of text (words), digital media (pictures, movies, and music), and hyperlinks. The Internet, unlike a book or newspaper, is in no order, and can seem slightly confusing at first. However, there are tools on the Internet that help organize it and will allow you to use it comfortably and easily.





Applications to Access the Internet

On the computer, you use a program to see the Internet. The program is called a web browser — you “browse” the web with it. Some common brands of web browsers include Internet Explorer, Firefox, and Chrome. They serve the same purpose, navigating the internet, and also have many of the same buttons. For instance, we will take a look at a generic browser’s buttons. You will use these buttons to navigate around the Internet. Sometimes extra buttons might be added, while other times, buttons might have been moved around on the toolbar. If you cannot find a button, just ask someone (they seem to be pretty tricky when they hide from you).



The Buttons

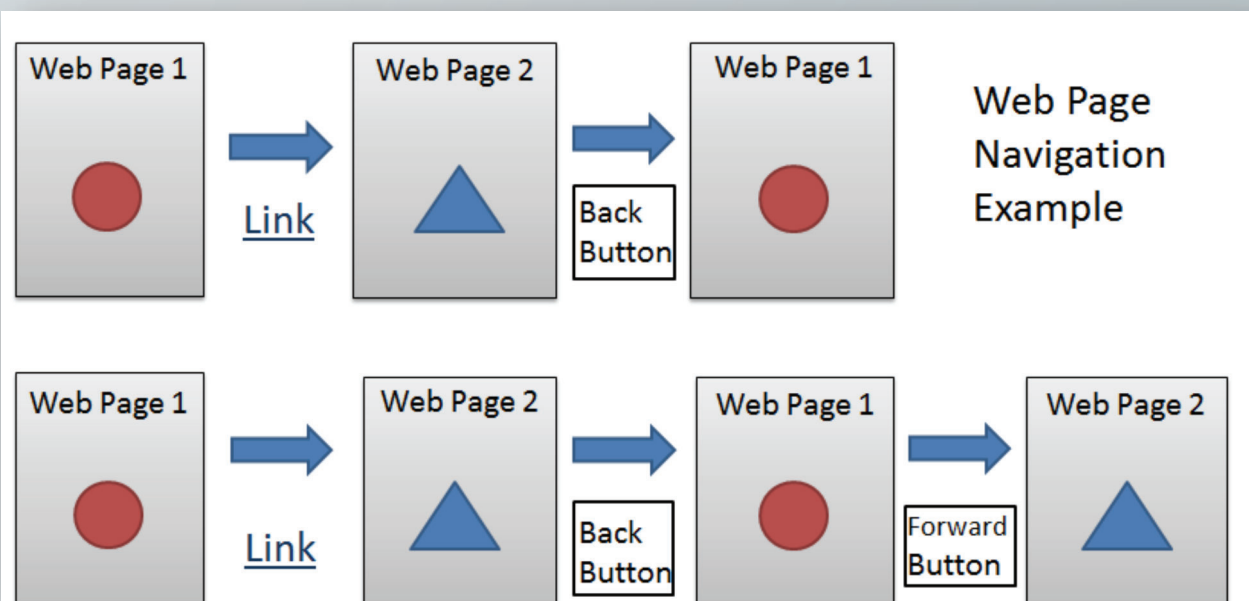
The Back Button – This button allows you to return to the last webpage that you last visited. It is most often used if you accidentally click on a link and wish to return to your previous page.

The Forward Button – If you clicked the back button, you don't have to hunt for the hyperlink on the webpage to return to the previous webpage. Just click on the forward button to return to the previous page that you were at before you pressed the back button.

Note: If the forward button is "grayed out" and when you click on it, nothing happens, this means that it is disabled.

The Refresh Button – This button is useful if you are looking at pages that contain content that is updated more frequently, such as the news, sports scores, or the weather. By clicking on the refresh button, the web page loads again, and is updated with the latest information.

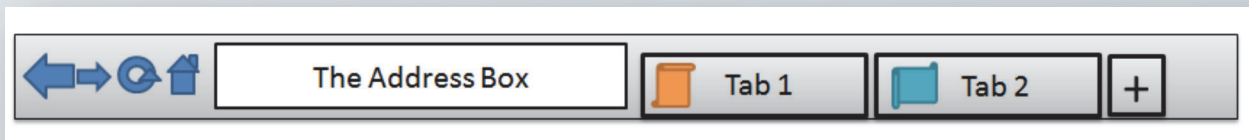
The Home Button - When you open your web browser, the first website that is displayed is your **homepage**. You can change your homepage to fit your preferences. When you click on the home button, it takes you to your homepage.





The Address Box

The Address Box – This displays the URL of a webpage. URL stands for Universal Resource Locator, which is a unique address for each webpage – just like your own home’s address is unique. You can type a specific URL into the address box by left clicking in the box once and then typing. Although URLs are all different, they share common characteristics. The basic diagram of a URL is shown below.



http://www.google.com

Http:// - Begins most web addresses. Tells the internet browser what protocol to use.

www- Stands for “World Wide Web.” Most web addresses have it although it is not necessary. It indicates a web page.

. (**dot**)- Separates parts of the address so it does not all run together and the computer can distinguish the different parts of the address.

Domain name- Example: “Google” – A series of numbers, letters or hyphens “-” that identifies the owner of the address.

“.” (**dot**)- See previous Definition

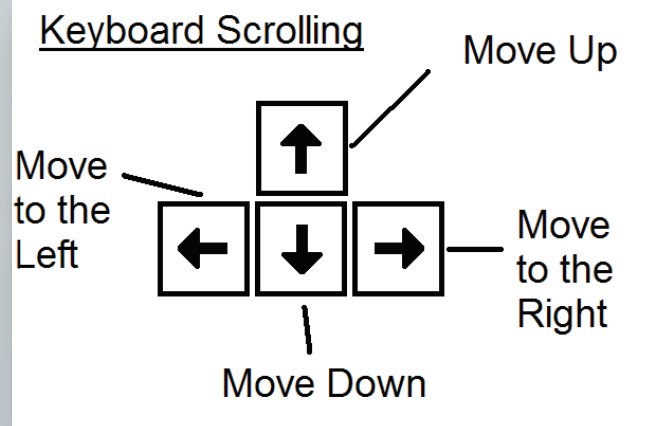
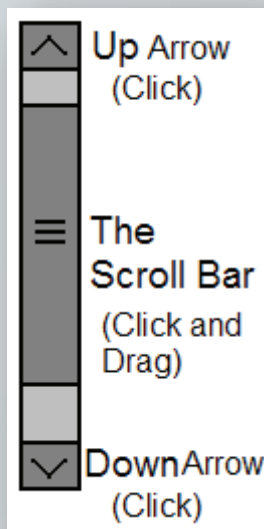
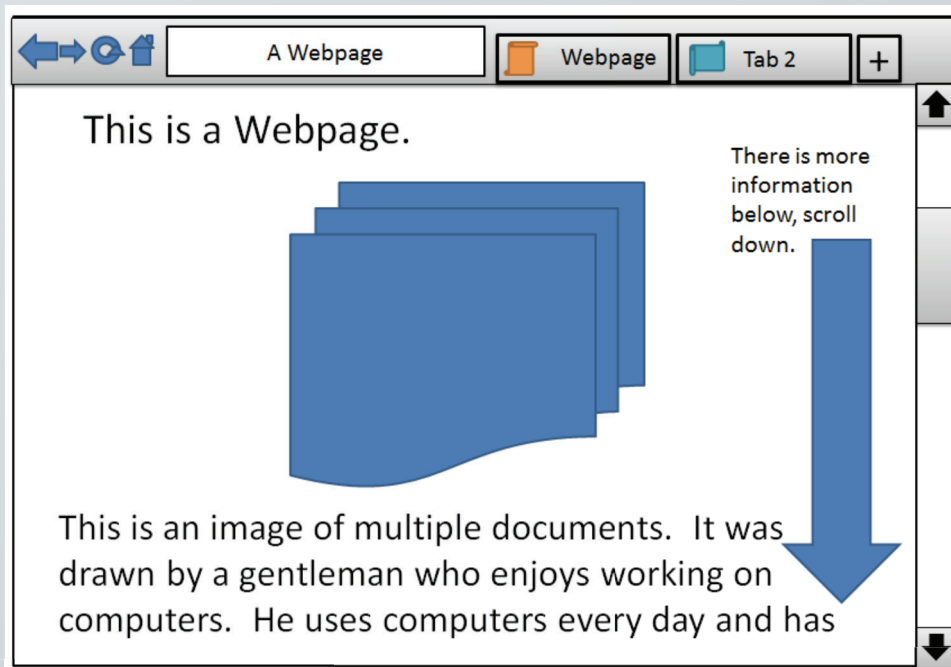
The Domain- At the end of a web address. Tells what type of web page you are viewing.
 .com – Commercial
 .org – Non-For-Profit Organization
 .edu – Education (Colleges/Universities)
 .net – Internet Related
 .mil – US Military
 .gov – US Government
 .us – United States
 .uk – United Kingdom

Important: Make sure you spell everything correctly. Addresses are very specific and if typed incorrectly, they will direct you to the wrong website. If this happens, simply use your back arrow to return to the previous webpage.



Scrolling on Webpages

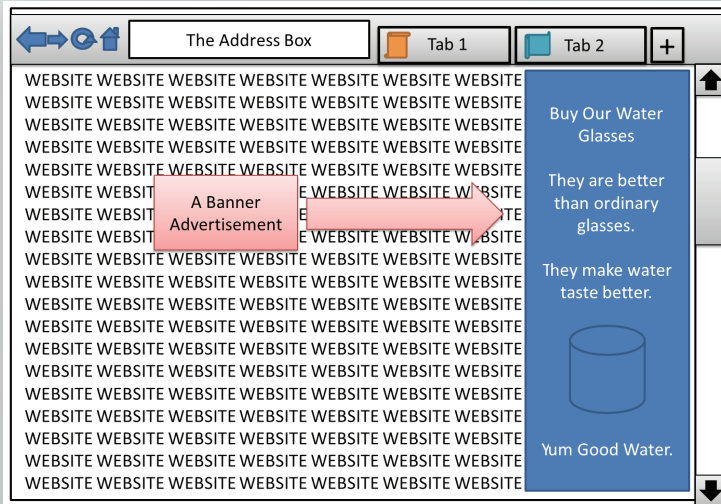
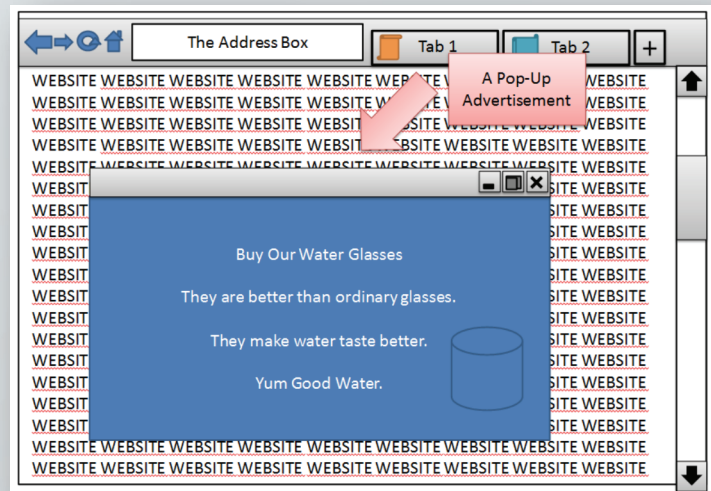
One thing to keep in mind when viewing the Internet is that a bunch of information might be displayed on a webpage, however, only a small portion can be seen immediately when you load the webpage. Thus, it is important to look at your scroll bars to the right and bottom to see if there is more information you are missing. If you are tired of using the mouse to scroll up and down, try using the arrow keys.



Pop Up Advertisements



On the Internet, there are things that help you and things that can make you aggravated. One aggravation is the **Pop Up Ad**. These advertisements are created by aggressive marketers who want you to see their “amazing” product and buy it. Pop ups create their own window and usually appear on top of the information that you are interested in. If you click on a pop up ad, it will take you away from the information you are looking at. If you see a pop up ad, click the X at the top right of the window to close it.



Another type of advertisement is the **Banner**. Banner ads show up at the top of a website or on the side of a website. As a beginner, it's generally wiser to ignore banner advertisements unless you are familiar with the company.

Searching the Internet

Because there are so many things on the Internet, it is

frequently hard to locate exactly what you are looking for. Search engines such as Google (www.google.com) are very helpful and allow you search the Internet.

A search engine is a Website used to search for information on the World Wide Web. Google first collects websites using a computer program (called a



wanderer, crawler, robot, worm, or spider). Then Google creates an index of these sites so they are searchable. There are many search engines that are available - we use Google for purposes of instruction because most people use it.

Performing a search in Google (See Next Page for Picture)

1. Go to Google by typing www.google.com in the URL address box (see page 5). Google is also one of the fastest search engines and provides some of the best results.
2. Next type your topic or key words (words closely related to your topic) into the box under the Google logo.
3. Press Enter or click "Google Search"
4. The next page that will appear is your search results page. This page lists the first few results from your search. Click on one of the page title that has an interesting description or seems most relevant.
5. If you are not satisfied with that website, click the back button and try a different website. If you still cannot find a good website, try searching by using different terms in the search box at the top of the webpage.



Google Searching Tips

Google will return pages that include all of your search terms. There is no need to include the word "and" between terms. For example, to look for information about parks in Cincinnati, simply type "Cincinnati parks."

Google is not case sensitive. Typing "United States" is the same as typing "UNITED STATES" or "united states."

The more words you include in your search, the more specific your search will be and the more relevant your search results will be.



Internet Glossary

Browser – A software program that allows Internet documents (like webpages) to be viewed, also called a Web Browser.

Cyberspace – The world of computer networks.

Domain Name – A unique name that identifies a specific computer on the Internet.

Download – A term for transferring software or other files from one computer to another.

Email – Electronic Mail – Messages sent from one specific user to another using the Internet.

Email address – The way a specific user is identified so that they may receive email. An email address can be identified by the “@” sign. E.g., Support@seniorconnects.org

Home Page – The first page of a Website, similar to a table of contents.

HTML – HyperText Markup Language- A computer language used to make hypertext documents that are sent via the World Wide Web and viewed using a Browser.

HTTP – HyperText Transfer Protocol – The way that hypertext documents are transferred over the Internet.

Hypertext – A way of presenting information that allows words, pictures, sounds, and actions to be inter-linked so that you may jump between them however you choose.

Link – A word, phrase, or image that allows you to jump to another document on the World Wide Web.

Search Engine – A website that indexes and allows searching of information gathered from the Internet. Google is an example of this.

URL – Uniform Resource Locator – The entire address for a piece of information of the Internet. E.g., www.google.com

Webpage – A hypertext document available on the World Wide Web.

Website – A collection of webpages.

World Wide Web – A collection of resources available on the Internet using a web browser.

Internet Acceptable Use Policy (AUP)

All users of _____ Internet services agree to and must comply with this Acceptable Use Policy (AUP). _____ does not exercise editorial control or review over the content of any Web site, electronic mail transmission, paper printout, newsgroup, or other material created or accessible over or through the Services. However, _____ may remove, block, filter, or restrict by any other means any materials that, in _____ sole discretion, may be illegal, may subject _____ to liability, or which may violate this AUP. _____ may cooperate with legal authorities and/or third parties in the investigation of any suspected or alleged crime or civil wrong. Violation of this AUP may result in the suspension or termination of either access to the Services and/or _____ account or other actions as detailed below.

The following constitute violations of this AUP (this list is intended to be illustrative and not exhaustive; other uses may violate the AUP and _____ remains the sole and final arbiter of acceptable usage of its Services):

- **Illegal use:** Using the Services to transmit any material (by email, uploading, posting, or otherwise) that, intentionally or unintentionally, violates any applicable local, state, national or international law, or any rules or regulations promulgated there under.
- **Harm to minors:** Using the Services to harm, or attempt to harm, minors in any way.
- **Threats:** Using the Services to transmit any material (by email, uploading, posting, or otherwise) that threatens or encourages bodily harm or destruction of property.
- **Harassment:** Using the Services to transmit any material (by email, uploading, posting, or otherwise) that harasses another.
- **Fraudulent activity:** Using the Services to make fraudulent offers to sell or buy products, items, or services or to advance any type of financial scam such as "pyramid schemes", "Ponzi schemes", unregistered sales of securities, securities fraud and "chain letters."
- **Forgery or impersonation:** Adding, removing or modifying identifying network, message, or article header information in an effort to deceive or mislead is prohibited. Attempting to impersonate any person by using forged headers or other identifying information is prohibited. The use of anonymous remailers or nicknames does not constitute impersonation.
- **Unsolicited commercial email/Unsolicited bulk email:** Using the Services to transmit any unsolicited commercial email or unsolicited bulk email. Activities that have the effect of facilitating unsolicited commercial email or unsolicited bulk email, whether or not that email is commercial in nature, are prohibited. Using deliberately misleading headers in e-mails sent to multiple parties is prohibited.
- **Unauthorized access:** Using the Services to access, or to attempt to access, the accounts of others, or to penetrate, or attempt to penetrate, security measures of _____'s or another entity's computer software or hardware, electronic communications system, or telecommunications system, whether or not the intrusion results in disruption of service or the corruption or loss of data.
- **Copyright or trademark infringement:** Using the Services to transmit any material (by email, uploading, posting, or otherwise) that infringes any copyright, trademark, patent, trade secret, or other proprietary rights of any third party, including, but not limited to, the unauthorized copying of copyrighted material, the digitization and distribution of photographs from magazines, books, or other copyrighted sources, and the unauthorized transmittal of copyrighted software.
- **Collection of personal data:** Using the Services to collect, or attempt to collect, personal information about third parties without their knowledge or consent.
- **Reselling the services:** Reselling the Services without _____'s authorization.

- **Network disruptions and unfriendly activity:** Using the Services for any activity which adversely affects the ability of other people or systems to use _____ Services or the Internet. This includes excessive consumption of network or system resources whether intentional or unintentional. This also includes "denial of service" (DoS) attacks against another network host or individual user. Interference with or disruption of other network users, network services or network equipment is prohibited. It is the users's responsibility to ensure that their system is configured, operated, and used in a manner to avoid excessive consumption of network or system resources. It is the users's responsibility to ensure that their system is configured in a secure manner. A user may not, through action or inaction, allow others to use their system for illegal or inappropriate actions. A user may not permit their system, through action or inaction, to be configured in such a way that gives a third party the capability to use their system in an illegal or inappropriate manner.
- **High Volume, Server Hosting, and non-traditional end user activities:** The Services are intended for an end user's periodic active use of email, instant messaging, browsing the World Wide Web, and other typical end user activities. High volume data transfers, especially sustained high volume data transfers, are prohibited. Hosting a web server, IRC server, or any other server is prohibited. Accordingly, _____ maintains the right to terminate any user's connection following the detection of any high volume data transfer, server hosting, or non-traditional end user activity as determined by _____.

_____ requests that anyone who believes that there is a violation of this AUP direct the information to the property manager.

If available, please provide the following information:

- The IP address used to commit the alleged violation
- The date and time of the alleged violation, including the time zone or offset from GMT
- Evidence of the alleged violation

When reporting an issue regarding unsolicited email please provide a copy of the email messages with full headers which typically provides all of the above data. Other situations will require different methods of providing the necessary information.

_____ may take any one or more of the following actions, or other actions not listed, at _____'s sole discretion in response to complaints:

- Issue warnings: written or verbal
- Terminate the user's access
- Bill the user for administrative costs and/or reactivation charges
- Bring legal action to enjoin violations and/or to collect damages, if any, caused by violations.

_____ reserves the right to revise, amend, or modify this AUP, and our other policies and agreements at any time and in any manner.

_____ provides public access to the Internet. There are potentially serious security issues with any computer connected to the Internet without the appropriate protection. These security issues range from viruses, worms and other programs that can damage the user's computer to attacks on the computer by unauthorized or unwanted third parties. These parties, known commonly as "hackers" may attempt to penetrate the user's computer and download information from the user's computer. If the user has unprotected files on the computer, these files may be visible to hackers on the Internet, potentially

including parties with criminal intent. Hackers also exploit vulnerabilities in operating systems to cause malicious damage to a user's computer or even a whole company's network, up to and including the destruction or deletion of files or the re-formatting of drives. It is recommended that the user uses either a personal firewall or Virtual Private Network systems to protect this information. _____ advises the user that he/she should consult a security expert to determine whether there are any potential security holes in their computer's configuration.

_____ SPECIFICALLY DISCLAIMS ANY LIABILITY FOR UNAUTHORIZED THIRD-PARTY SECURITY BREACHES OR THE RESULTS THEREOF. _____ PROVIDES ACCESS TO THE INTERNET AND THE _____ NETWORK ON AN "AS IS" BASIS WITH ALL RISKS INHERENT IN SUCH ACCESS. BY CONNECTING TO THE _____ NETWORK, THE USER ACKNOWLEDGES THE RISKS ASSOCIATED WITH PUBLIC ACCESS TO THE INTERNET OR DOCUMENT PRINTING AND HEREBY RELEASES AND INDEMNIFIES _____ FROM ANY DAMAGES THAT MIGHT OCCUR.

Acknowledgment of Resident:

Signature: _____

Dated: _____

Printed: _____

Draft Internet Security Plan

Network Security:

1. Purpose

This standard specifies the technical requirements that wireless infrastructure devices must satisfy to connect to a _____ (Owner) network. Only those wireless infrastructure devices that meet the requirements specified in this standard or are granted an exception by the InfoSec Team are approved for connectivity to the Owner's network.

Network devices including, but not limited to, hubs, routers, switches, firewalls, remote access devices, modems, or wireless access points, must be installed, supported, and maintained by an Information Security (Infosec) approved support organization.

2. Scope

All employees, contractors, consultants, temporary and other workers at Owner and its subsidiaries/affiliates, including all personnel that maintain a wireless infrastructure device on behalf of the Owner, must comply with this standard. This standard applies to wireless devices that make a connection the network and all wireless infrastructure devices that provide wireless connectivity to the network. Infosec must approve exceptions to this standard in advance.

3. Standard

3.1 General Requirements:

All wireless infrastructure devices that connect to the Owner's network or provide access to the Owner Confidential, Owner Highly Confidential, or Owner Restricted information must:

- Use Extensible Authentication Protocol-Fast Authentication via Secure Tunneling (EAP-FAST), Protected Extensible Authentication Protocol (PEAP), or Extensible Authentication Protocol-Translation Layer Security (EAP-TLS) as the authentication protocol.
 - Use Temporal Key Integrity Protocol (TKIP) or Advanced Encryption System (AES) protocols with a minimum key length of 128 bits.
 - All Bluetooth devices must use Secure Simple Pairing with encryption enabled.
 - Lab device Service Set Identifier (SSID) must be different from the Owner's production device SSID.
 - Broadcast of lab device SSID must be disabled.
- 4.2 Lab and Isolated Wireless Device Requirements
- 4.3 Home Wireless Device Requirements
- All home wireless infrastructure devices that provide direct access to the Owner's network, such as those behind Enterprise Teleworker (ECT) or hardware VPN, must adhere to the following:

- Enable WiFi Protected Access Pre-shared Key (WPA-PSK), EAP-FAST, PEAP, or EAP-TLS
- When enabling WPA-PSK, configure a complex shared secret key (at least 20 characters) on the wireless client and the wireless access point
- Disable broadcast of SSID
- Change the default SSID name
- Change the default login and password

4. Policy Compliance

4.1 Compliance Measurement

The Infosec team will verify compliance to this policy through various methods, including but not limited to, periodic walk-thrus, video monitoring, business tool reports, internal and external audits, and feedback to the policy owner.

4.2 Exceptions

Any exception to the policy must be approved by the Infosec Team in advance.

4.3 Non-Compliance

An employee found to have violated this policy may be subject to disciplinary action, up to and including termination of employment.

Equipment

1. Purpose

The purpose of this policy is to outline the acceptable use of computer equipment at _____ (Owner). These rules are in place to protect the employee and Owner. Inappropriate use exposes the Owner to risks including virus attacks, compromise of network systems and services, and legal issues.

2. Scope

This policy applies to the use of information, electronic and computing devices, and network resources to conduct the Owner's business or interact with internal networks and business systems, whether owned or leased by Owner, the employee, or a third party. All employees, contractors, consultants, temporary, and other workers at Owner and its subsidiaries are responsible for exercising good judgment regarding appropriate use of information, electronic devices, and network resources in accordance with Owner's policies and standards, and local laws and regulation. Exceptions to this policy are documented in section 5.2.

This policy applies to employees, contractors, consultants, temporaries, and other workers at Owner including all personnel affiliated with third parties. This policy applies to all equipment that is owned or leased by Owner.

3. Policy

3.1 General Use and Ownership

3.1.1 Owner proprietary information stored on electronic and computing devices whether owned or leased by Owner, the employee or a third party, remains the sole property of the Owner. You must ensure through legal or technical means that proprietary information is protected in accordance with the Data Protection Standard.

3.1.2 You have a responsibility to promptly report the theft, loss or unauthorized disclosure of Owner proprietary information.

3.1.3 You may access, use or share Owner proprietary information only to the extent it is authorized and necessary to fulfill your assigned job duties.

3.1.4 Employees are responsible for exercising good judgment regarding the reasonableness of personal use. Individual departments are responsible for creating guidelines concerning personal use of Internet/Intranet/Extranet systems. In the absence of such policies, employees should be guided by departmental policies on personal use, and if there is any uncertainty, employees should consult their supervisor or manager.

3.1.5 For security and network maintenance purposes, authorized individuals within Owner may monitor equipment, systems and network traffic at any time, per Infosec's Audit Policy.

3.1.6 Owner reserves the right to audit networks and systems on a periodic basis to ensure compliance with this policy.

3.2 Security and Proprietary Information

3.2.1 All mobile and computing devices that connect to the internal network must comply with the Minimum Access Policy.

3.2.2 System level and user level passwords must comply with the Password Policy. Providing access to another individual, either deliberately or through failure to secure its access, is prohibited.

3.2.3 All computing devices must be secured with a password-protected screensaver with the automatic activation feature set to 10 minutes or less. You must lock the screen or log off when the device is unattended.

3.2.4 Postings by employees from an Owner email address to newsgroups should contain a disclaimer stating that the opinions expressed are strictly their own and not necessarily those of the Owner, unless posting is in the course of business duties.

3.2.5 Employees must use extreme caution when opening e-mail attachments received from unknown senders, which may contain malware.

3.3 Unacceptable Use

The following activities are, in general, prohibited. Employees may be exempted from these restrictions during the course of their legitimate job responsibilities (e.g., systems administration staff may have a need to disable the network access of a host if that host is disrupting production services).

Under no circumstances is an employee of Owner authorized to engage in any activity that is illegal under local, state, federal or international law while utilizing Owner-owned resources.

The lists below are by no means exhaustive, but attempt to provide a framework for activities which fall into the category of unacceptable use.

3.3.1 System and Network Activities

The following activities are strictly prohibited, with no exceptions:

- Violations of the rights of any person or company protected by copyright, trade secret, patent or other intellectual property, or similar laws or regulations, including, but not limited to, the installation or distribution of "pirated" or other software products that are not appropriately licensed for use by Owner.
- Unauthorized copying of copyrighted material including, but not limited to, digitization and distribution of photographs from magazines, books or other copyrighted sources, copyrighted music, and the installation of any copyrighted software for which Owner or the end user does not have an active license is strictly prohibited.
- Accessing data, a server or an account for any purpose other than conducting Owner's business, even if you have authorized access, is prohibited.
- Exporting software, technical information, encryption software or technology, in violation of international or regional export control laws, is illegal. The appropriate management should be consulted prior to export of any material that is in question.
- Introduction of malicious programs into the network or server (e.g., viruses, worms, Trojan horses, e-mail bombs, etc.).
- 6. Revealing your account password to others or allowing use of your account by others. This includes family and other household members when work is being done at home.

- Using an Owner computing asset to actively engage in procuring or transmitting material that is in violation of sexual harassment or hostile workplace laws in the user's local jurisdiction.
- Making fraudulent offers of products, items, or services originating from any Owner account.
- Making statements about warranty, expressly or implied, unless it is a part of normal job duties.
- Effecting security breaches or disruptions of network communication. Security breaches include, but are not limited to, accessing data of which the employee is not an intended recipient or logging into a server or account that the employee is not expressly authorized to access, unless these duties are within the scope of regular duties. For purposes of this section, "disruption" includes, but is not limited to, network sniffing, pinged floods, packet spoofing, denial of service, and forged routing information for malicious purposes. 11. Port scanning or security scanning is expressly prohibited unless prior notification to Infosec is made.
- Executing any form of network monitoring which will intercept data not intended for the employee's host, unless this activity is a part of the employee's normal job/duty.
- Circumventing user authentication or security of any host, network or account.
- Introducing honeypots, honeynets, or similar technology on the <Company Name> network.
- Interfering with or denying service to any user other than the employee's host (for example, denial of service attack).
- Using any program/script/command, or sending messages of any kind, with the intent to interfere with, or disable, a user's terminal session, via any means, locally or via the Internet/Intranet/Extranet.
- Providing information about, or lists of, Owner's employees to parties outside Owner.

3.3.2 Email and Communication Activities

When using company resources to access and use the Internet, users must realize they represent the company. Whenever employees state an affiliation to the company, they must also clearly indicate that "the opinions expressed are my own and not necessarily those of the company". Questions may be addressed to the IT Department

- Sending unsolicited email messages, including the sending of "junk mail" or other advertising material to individuals who did not specifically request such material (email spam).
- Any form of harassment via email, telephone or paging, whether through language, frequency, or size of messages.
- Unauthorized use, or forging, of email header information.
- Solicitation of email for any other email address, other than that of the poster's account, with the intent to harass or to collect replies.

- Creating or forwarding "chain letters", "Ponzi" or other "pyramid" schemes of any type.
- Use of unsolicited email originating from within Owner's networks of other Internet/Intranet/Extranet service providers on behalf of, or to advertise, any service hosted by Owner or connected via Owner's network.
- Posting the same or similar non-business-related messages to large numbers of Usenet newsgroups (newsgroup spam).

3.3.3 Blogging and Social Media

1. Blogging by employees, whether using Owner's property and systems or personal computer systems, is also subject to the terms and restrictions set forth in this Policy. Limited and occasional use of Owner's systems to engage in blogging is acceptable, provided that it is done in a professional and responsible manner, does not otherwise violate Owner's policy, is not detrimental to Owner's best interests, and does not interfere with an employee's regular work duties. Blogging from Owner's systems is also subject to monitoring.
2. Owner's Confidential Information policy also applies to blogging. As such, Employees are prohibited from revealing any Owner confidential or proprietary information, trade secrets or any other material covered by Owner's Confidential Information policy when engaged in blogging.
3. Employees shall not engage in any blogging that may harm or tarnish the image, reputation and/or goodwill of Owner and/or any of its employees. Employees are also prohibited from making any discriminatory, disparaging, defamatory or harassing when blogging or otherwise engaging in any conduct prohibited by Owner's Non-Discrimination and Anti-Harassment policy.
4. Employees may also not attribute personal statements, opinions or beliefs to Owner when engaged in blogging. If an employee is expressing his other beliefs and/or opinions in blogs, the employee may not, expressly or implicitly, represent themselves as an employee or representative of Owner's Employees assume any and all risk associated with blogging.
5. Apart from following all laws pertaining to the handling and disclosure of copyrighted or export controlled materials, Owner's trademarks, logos and any other Owner intellectual property may also not be used in connection with any blogging activity

4. Policy Compliance

4.1 Compliance Measurement

The Infosecteam will verify compliance to this policy through various methods, including but not limited to, business tool reports, internal and external audits, and feedback to the policy owner.

4.2 Exceptions

Any exception to the policy must be approved by the Infosecteam in advance.

4.3 Non-Compliance

An employee found to have violated this policy may be subject to disciplinary action, up to and including termination of employment.

Tab X:

Marketing Plan for units meeting accessibility
requirements of HUD section 504

2023-ASH-06
Saint Elizabeth Apartments LLC

MARKETING PLAN FOR UNITS MEETING ACCESSIBILITY REQUIREMENTS

Saint Elizabeth Apartments

Saint Elizabeth Apartments is a 56-unit development targeted to households with incomes at 40%, 50%, and 60% of the area median income to be built in the Green Park neighborhood located in the Northside area of the City of Richmond, VA. Nine (9) units in the development will be constructed to meet HUD accessibility requirements as outlined in Section 504 of the Rehabilitation Act and will be actively marketed to persons with disabilities in accordance with the Fair Housing Act.

These nine (9) accessible units will be held vacant for 60 days, during which ongoing marketing efforts will be documented. The Owner/Agent will market the units to persons with disabilities on an ongoing basis throughout the year and will provide sufficient documentation to Virginia Housing's compliance officer. "Ongoing Basis" shall mean the Owner/Agent will contact at least two (2) resources per month to market the available Section 504 accessible units.

When a Section 504 accessible unit becomes available for occupancy, it shall first be offered to a qualified individual/household with disabilities currently residing at the property in a non-accessible unit who requires accessible features. If no such persons/households reside at the property, the Owner/Agent shall offer the unit to the next available qualified individual/household with disabilities on the property's waiting list. After 60 days if no qualified applicant with disabilities requires the unit, the Owner/Agent may place a tenant household with no disabled members in the unit upon approval by the designated Virginia Housing compliance officer. The approved lease will contain a provision requiring the non-disabled-household to move to a vacant unit of comparable size within the development if a household with disabled members applies for the unit. The prospective disabled-tenant-household will be placed on the property's waiting list until a vacant unit of comparable size is available to complete the non-disabled tenant household's move to the new unit. The moving costs of the temporary / non-disabled tenant household will be paid by the property.

Individuals seeking housing will need to qualify under the income restrictions and application screening of Saint Elizabeth Apartments, including but not limited to having a household income at least 60% or less of the Area Median Income.

In addition, Saint Elizabeth Apartments will partner with Commonwealth Catholic Charities to provide a continuum of services to individuals and families on-site, from street-based outreach services to intensive case management. CCC intends to provide tenant

specific services based upon resident surveys completed during move-in. A list of potential services that CCC could provide at the Saint Elizabeth Apartments are included below:

- i. Housing and Financial Counseling – work with tenants to improve credit scores, create a workable budget, purchase a home, or avoid eviction. CCC's certified financial and housing counselors can help develop a plan to achieve financial goals through one-on-one counseling and classes and workshops.
- ii. Development Disabilities – provide case management services for individuals with a developmental disability under the Family and Individual supports (FIS) and Community Living (CL) Waivers.
- iii. Workforce Development – help tenants enter, succeed, and advance in the workplace. CCC Employment Navigators work with a variety of community partners to provide services such as career readiness assessments, skills training, job placement, resume building, and interview practice and preparation.
- iv. Independence for Seniors – provide Call Reassurance and Caregiver Relief services for seniors. Our senior programs also promote positive cognitive health through a lending library with books, magazines, adult coloring pages, and word search puzzles.
- v. Interpreter and Translation Services – CCC trained interpreters accurately and efficiently translate a variety of languages to meet any number of business needs.
- vi. Counseling Services - provide individual or group counseling to tenant's dealing with depression, anxiety, grief, anger management, domestic violence, marital problems, adolescent self-esteem and self-harm, and trauma.
- vii. Food insecurity – ensure tenants have access to food and nutritional supplements. CCC operates a local food pantry dedicated to combating hunger and food insecurity in the Richmond area.

Resources:

Saint Elizabeth Apartments LLC will utilize the resources of several organizations in the Richmond area to promote the availability of its accessible and affordable housing units. Saint Elizabeth Apartments will also be listed at **virginiahousingsearch.com**

The following agencies will be contacted regularly and be provided with updated leasing information on Saint Elizabeth Apartments. The Owner/Agent will schedule site tours with individuals, agencies and/or groups as needed to guide potential tenants toward units that will best meet accessibility and housing needs.

Virginia Department of Medical Assistance Services (804) 786-7933

Virginia Department of Behavioral Health and Developmental Services (804) 786-3921

Virginia Beach Community Services Board (757) 385-4202

Virginia Department of Social Services (757) 385-3200

Endeppendence Center Inc. (757) 461-8007

Seniors Unlimited Lifestyles, Inc. (757) 737-3713

Virginia Beach Department of Housing and Neighborhood Preservation (757) 385-5750

Hope House Foundation 757-625-6161

Senior Services of Southeastern Virginia 757-461-9481

Leasing Preference for Virginia Housing Target Populations:

Additionally, Saint Elizabeth Apartments LLC will provide first leasing preference to members of target populations, as defined and required by Virginia Housing. Established by Memorandum of Understanding between Virginia Housing and other participating agencies, target populations will be equipped with state rental assistance. The leasing preference provided by Saint Elizabeth Apartments LLC shall apply to no more than 15% of the units (total of 9 units) at the property at a given time. The owner will not impose tenant selection criteria or leasing terms to individuals receiving this preference that are more restrictive than:

- 1.) the property's standard eligibility requirements / leasing terms;
- 2.) the eligibility criteria for state rental assistance; or
- 3.) any terms in the Virginia Housing MOU establishing the target population.

Tab Y:

Inducement Resolution for Tax Exempt Bonds

N/A

Tab Z:

Documentation of team member's Diversity, Equity and
Inclusion Designation

N/A

Tab AA:

Priority Letter from Rural Development

N/A

Tab AB:

Socially Disadvantaged Population
Documentation

N/A